

الشركة التونسية للبنك

STB  BANK



ANNUAL
REPPORT
2014



STB  BANK
ANNUAL REPORT
2014

Activity Report

December 2014

LIMITED LIABILITY COMPANY

with capital of 124,300,000 dinars

Headquarters: Rue Hedi Noura - 1001 TUNIS

Trade registry B 182331996

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Websites :

- Commercial : www.stb.com.tn

- Electronic commerce : www.ecom.stb.com.tn

- Online banking : www.stbnet.stb.com.tn



SUMMARY

<hr/>		1
CONDITIONS FOR ATTENDING ASSEMBLIES	04	
GOVERNANCE STRUCTURES BOARD OF DIRECTORS	05	
GENERAL DIRECTORATE	06	
INTERNAL CONTROL	07	
INTERNATIONAL ECONOMIC ENVIRONMENT	10	
TUNISIA'S ECONOMY	11	
ACTIVITY AT STB	12	
STB KEY FIGURES	16	
<hr/>		2
RESOURCES	18	
USES	22	
PERFORMANCE INDICATORS	26	
PROSPECTS FOR DEVELOPMENT	32	
<hr/>		3
FINANCIAL STATEMENTS		
FINANCIAL STATEMENTS	33	
BALANCE SHEET	34	
STATEMENT OF OFF BALANCE SHEET COMMITMENTS	35	
STATEMENT OF RESULTS	36	
CASH FLOW STATEMENT	37	
NOTES ON THE FINANCIAL STATEMENTS	38	
GENERAL AUDIT REPORT	62	
SPECIAL AUDIT REPORT	67	
RESOLUTIONS ADOPTED BY THE ORDINARY GENERAL ASSEMBLY	72	
RESOLUTIONS OF THE EXTRAORDINARY GENERAL ASSEMBLY	75	
<hr/>		4
MANAGEMENT REPORT OF STB GROUP		
MANAGEMENT REPORT OF STB GROUP	77	
CONSOLIDATED FINANCIAL STATEMENTS	90	
CONSOLIDATED BALANCE SHEET	91	
STATEMENT OF CONSOLIDATED RESULTS	92	
CONSOLIDATED CASH FLOW STATEMENT	93	
CONSOLIDATED OFF BALANCE SHEET STATEMENT OF COMMITMENTS	94	
NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS	95	
REPORT ON CONSOLIDATED FINANCIAL STATEMENTS	105	



CONDITIONS FOR ATTENDING ASSEMBLIES

In line with the terms of article 40 of its statutes, only those holding at least ten shares, paid up in full, can attend assemblies or be represented by another stockholder by means of a duly signed power of attorney remitted to a proxy or submitted at least three days prior to the meeting to the directorate for equity, stock exchange and asset management, located on rue Hedi Nouria, 1001 Tunis. Those holding less than ten shares can join together to reach this number and be represented by one of them or by another member of the assembly.

Structure of capital at STB at the end of 2014

Stockholders	Number of shares	%
Tunisian stockholders	22 677 037	91.2%
Corporate entities	16 089 689	64.7%
<i>Public corporate entities</i>	12 550 383	50.5%
<i>Private corporate entities</i>	3 539 306	14.2%
Private individuals	6 603 087	26.6%
Foreign stockholders	2 182 963	8.8%
<i>Corporate entities</i>	2 009 629	8.1%
<i>Private individuals</i>	173 334	0.7%
Total	24 860 000	100.0%





GOVERNANCE STRUCTURES BOARD OF DIRECTORS

Mr. Abdelwaheb NACHI
Chairman of the Board
State Representative

Mrs. Amel MEDINI
State Representative

Mr. Mourad JAMOSSI
State Representative

Mr. Hassen GHENIA
State Representative

National social security administration (CNSS) represented by its President
Director General

Tunisian Oil Exploration Company (ETAP) represented by its President
Director General

Tunisian insurance & reinsurance company (STAR) represented by its President
Director General

Mr. Abdelkader HAM-ROUNI

Representing private shareholders

Mr. Mohamed Salah KHAL-

FALLAH
representing private shareholders

Mrs. Olfa BEN OUDDA SIOUD
Independent board member

Mr. Abderrazek LOUATI
Independent board member

Mr. Mohamed DRISS
Representing minority shareholders

Committees under the direct authority of the Board of Directors

Standing committee for internal audit

The committee's underlying mission is to ensure the establishment and smooth operation of an internal control system, along with monitoring and oversight of internal control activities.

Standing committee for compliance

This committee is in charge of determining and assessing the risk of non compliance to legislation and regulations in force, to the norms of proper functioning of the profession and to best practices.

Executive committee for credit

The main role of this committee is to give an opinion on applications for short and medium term loans for amounts above a given threshold.

Appointments and compensation committee

The mandate of this committee is to help the board of directors set policy for compensation that is in line with the Bank's medium and long-term performance.

Auditors

The role of auditors is to ensure the reliability and sincerity of financial statements and their conformity to Tunisian accounting norms as well as the regulations issued by financial authorities (central bank, capital market council, tax authorities ...). They also give an opinion on the effectiveness of the Bank's internal control system.

NB : as per Ministry of Finance letter n°513 of 8 April 2015 (cancelled and replaced by letter n°526 of 10 April 2015)

designating :
 Mrs. Dorra BERRAIES
 Mrs. Nejia GHARBI
 Mr. Jameleddine CHICHTI
 Mr. Abdelaziz MAHFOUDHI
 Mr. Ghazi BOULILA

to replace :

Mrs. Amel MEDINI
 Mrs. Dalila BOUATOUR
 Mr. Mourad JAMOSSI
 Mr. Hassen GHENIA
 Mr. Rachid BAROUNI



General Directorate

President Director General:

Mr. Abdelwaheb NACHI

Deputy Director General

Mr. Mourad BACCAR

in charge of operational structures as well as support structures (temporarily)

Auditors

- ❖ **GEM studies & management**
- ❖ **FINACO - AUDIT & ADVISORY SERVICES GROUP**
 - ✦ **Yahia ROUATBI financial auditing & advisory services FINACO**
 - ✦ **ABC Audit & advisory services**

State controllers

Mr. Lassaad MRABET

Mr. Faycel STAMBOULI (*)

() : Mr. Faycel STAMBOULI was designated to replace Mr. Mahmoud Lassaad MRABET. (See letter of the Presidency of the Government dated 14 April 2014.)*





INTERNAL CONTROL

In line with enhanced governance and strengthening of internal control, STB in 2014 pursued efforts to more effectively manage risk. To this end, a number of steps were taken.

- ✓ Establishment of a central directorate for management of risk, with a mandate to seek in an on-going manner and with a view to prevention to identify, quantify and analyse the risks inherent in the bank's various activities
- ✓ Setting up of a committee to deal with opening of accounts, as per the terms of circular to loan institutions n° 2013-15 of 7 November 2013 governing the introduction of internal control regulations relating to management of risk in the area of money laundering and financing of terrorism
- ✓ Strengthening of the role of monitoring compliance in the procedure for preventing money laundering and financing of terrorism. by:
 - introducing a new version of software to filter blacklisted individuals, allowing for daily automatic updating
 - introducing an application to monitor account transactions, in order to detect any atypical suspicious dealings that could be linked to illicit activities, notably money laundering and financing of terrorism
- ✓ Initiating a consultation for hosting under a colocation arrangement of its backup site at data centre service companies
- ✓ Strengthening of the role of committees that answer to the board of directors: the executive loan committee, the standing committee for internal audit and the committee dealing with risk, by means of more frequent meetings

As for the internal control system and with particular reference to central bank of Tunisia circular n°2006-19 of 28 November 2006, the bank has pursued its policy, based on an enhanced data processing system and procedures, to monitor operations.

In this framework, STB in 2014 finalised implementation of the core of its new information system, a promising base on which STB will be able to build its information system, made up of the following modules:

- Referential

There is one referential, used by all modules, managing three types of information: general parameters, information relating to third parties, and the catalogue of products/services.

- Global vision of clientele

This is a synthesis of client data.

- Client accounting (DAVE)

The client accounting module provides management, account keeping and client position for both sight and savings accounts, along with the tools needed to produce statements and balances.

- General accounting (Carthago-compta)

The accounting application can be used for multiple establishments, various types of accounts, multiple currencies, any accounting period and any accounting key.



INTERNAL CONTROL (continued)

Required reporting

This module allows for automatic generation of the accounting statements due to the central bank and supervisory bodies.

- Single Sign On (SSO)

SSO allows for the unification and authentication required for access to the various modules of the information system, providing an audit trail. In order to ensure interaction with this core of the information system, STB in 2014 launched a number of activities relating to upgrading of computer applications and development of a number of structuring initiatives such as software to manage cash transactions and deal with foreign banking.

In the area of ongoing monitoring of activities, the Bank's organizational chart provides for the following main supervisory structures:

- department of management control
- department for the monitoring of commitments
- department for regulatory control, accounting and decentralised transactions (for dealings in foreign currency and abroad)
- department of common services (security services for people, goods, securities ...)

Similarly, in application of legal and regulatory dispositions, STB's organisational chart provides for a permanent structure to monitor compliance, its main mission being to :

- ensure that laws and regulations pertaining to banking activity are respected
- identify and assess the risks of non conformity to both internal and external regulations pertaining to banking activity
- take part in supervising anti-money laundering and anti-financing of terrorism measures
- ensure that employees adhere to the code of good conduct and that they receive training in the area of ethics and professional behaviour.

Aside from these departments, the Bank has the usual periodic control structures:

- department of general inspection
- department of internal audit

These two structures, which monitor compliance to regulations in force and internal procedures and which make recommendations to improve the effectiveness of management systems, answer to the central directorate for overall monitoring, which in turn answers to the President Director General. They carry out their mandate in a fully autonomous manner, on the basis of either duly approved annual work plans or as instructed by the directorate general.

FULL AUDIT MISSION

1 – Presentation of the mission

A full audit mission involves a financial audit, an institutional audit, a social audit, and design of an overall programme to restructure and develop the Tunisian Banking Company (STB) and its three affiliates: the Tunisian Claims Collection Company (STRC), the STB capital risk fund and STBINVEST.

The main goals of a full audit mission is to :

- carry out an in-depth exhaustive assessment of the bank's financial standing, its governance and its





management, the set-up for internal control (including its information and accounting system) as well as a social diagnosis, with a view to pointing out any financial imbalances and any weaknesses of a strategic, institutional or operational nature

- draw up, on the basis of the conclusions and recommendations of the full audit, a strategic programme for restructuring of the bank, backed up by an action plan and a calendar for implementation, on the basis of a cost-benefit analysis for various possible scenarios

This programme should target the following strategic objectives:

- strengthen financial soundness
- improve governance and management modes as well as the Bank's institutional framework
- enhance its human and operational capacity
- boost its competitiveness and effectiveness in financing the economy

2- How the mission is to be carried out

The mission will be carried out in three stages:

Preliminary stage:

This stage consists of overall understanding and data collection that are required to draw up a definitive plan for carrying out the mission. This will lead to drawing up of a report containing mainly the following elements:

- A timetable for carrying out the mission and setting deadlines for final implementation
- Members of project committees and of the steering committee
- Documents to be provided
- Participating teams
- Expected deliverables

This stage was validated in September 2013.

Stage 1 :

This stage consists of a diagnostic audit pertaining to the financial situation, governance and management mode, organisation, the internal control system (including the information system, significant activities processes, social conditions and commercial/financial performance. It encompasses the four following missions: financial audit, institutional audit, financial/commercial performance audit, and social audit. The Bank's three affiliates are concerned only by the financial audit and the institutional audit.

This stage was validated in March 2014.

Stage 2:

This stage consists of:

- drawing up of possible alternatives for restructuring and definition of practical implementation modalities for the bank's choice of the optimal scenario to be retained

This deliverable was validated in September 2014.

- design of a global programme to restructure and develop the Bank on the basis of the optimal scenario retained

This phase has produced a report that is currently being validated.



INTERNATIONAL ECONOMIC ENVIRONMENT

The world economy evolved in a moderate but uneven manner in 2014. There was a 3.3% increase in GDP, the same level as in 2013. Activity in advanced countries was up by 1.8% compared to 1.3% in 2013 and it was far more dynamic in Anglo-Saxon countries than in the euro zone or Japan.

GDP in the United States rose by 2.4% in 2014, up from 2.2% the year before. Increased activity was sustained by domestic demand, boosted by new jobs and completion of the process to ease household indebtedness initiated during the financial crisis of 2008.

The United Kingdom enjoyed the highest growth among the main advanced economies, posting an increase of 3.1% vs. 1.7% in 2013. Favourable financing conditions boosted both private consumption and corporate investment.

Economic activity in the euro zone grew by 0.8% in 2014, compared to a drop of 0.5% in 2013. But this improvement remains fragile, achieved mainly at the beginning of the year before falling to 0.1% in the second quarter and 0.2% in the third quarter despite more favourable financing conditions and less restrictive budgetary policy.

High indebtedness rates in both the private and public sectors, a persistently significant level of unemployment and chronic under-utilisation of production factors impede ability to overcome the effects of recession and the sovereign debt crisis.

Inflation continued to fall, posting 0.4% for 2014, the result of falling prices for raw materials and low increases in the price of foodstuffs.

Emerging countries enjoyed a 4.4% increase in GDP, accounting for 76% of world economic growth. But growth has been slowing year after year and there are wide variations from one country to another. China, which posted 7.4% GDP growth in 2014, has become the top economy worldwide in terms of purchasing power parity. Its economy is in transition as it moves from an export-powered economic model to one more focused on domestic consumption.

Asia remains the most dynamic region with average GDP growth of 6.5%, thanks mainly to growing exports and favourable financial conditions.

Latin America, major producer of raw materials, suffered slower growth in its economy in the wake of an overall drop in prices along with weak demand. 2014 GDP growth came in at 1.2%, down from 2.8% in 2013.

Africa achieved sustained economic growth, posting 4.8% in 2014, with foreign financial input amounting to more than 200 billion dollars according to ADB estimates. However, despite a high level of steady growth over the past ten years, African countries still need to work toward structural transformation of their economies by increasing the pace of industrialisation, the key to creating jobs, fostering development and erecting bulwarks against various dangers.





TUNISIA'S ECONOMY

In this difficult international and regional context, Tunisia's economy managed to post 2.3% growth in real terms in 2014, vs. 2.4% in 2013. This was made possible mostly by renewed activity in the agriculture/fishing sector and to a lesser degree by the services sector. But this level of growth is insufficient to overcome the challenges facing Tunisia's economy, notably a return to macro-economic balance and job creation.

Good weather at the end 2014 helped the agriculture/fishing sector to achieve an increase of 2.8% in added value, up from -4% at the end of 2013. Olive oil production came in at 280 thousand tonnes, up from 70 thousand the year before.

The industrial sector encountered a slower pace of growth in manufacturing, affected in particular by a drop in production by chemical and agrofood industries.

Non manufacturing industries suffered a drop in production for the second straight year mainly because of ongoing decreases in energy production.

Tourism activity continued to suffer from negative growth, posting 6.1 tourist entries for 2014. This represents a 3.2% decrease from 2013 to 2014 and a 12.1% decrease from 2010 to 2014. Similarly, bednights fell by 3% from the 2013 figure and by 18.2% from the 2010 figure, coming to some 29 million.

This drop involved all tourism areas, notably Mahdia (-10.2%), Nabeul Hammamet (-6.1%) and Sousse (-5%). Income from tourism in foreign currency amounted to 3576 million dinars in 2014, 11% more than in 2013 and 1.5% more than in 2010, due to sharp depreciation of the dinar against the main foreign currencies.

In the area of trade, imports grew at a faster pace than exports: 6.4% and 2.5% respectively, causing a 2.5 percentage point decrease in the rate of coverage to 67.6%.

The trade deficit deepened, down from 11,808 million dinars in 2013 to 13,636 million in 2014.

The deficit in the current balance of payments also increased, by 1083 million dinars, up from 6302 million (8.3% of GDP) in 2013 to 7385 million (8.9% of GDP) in 2014.

Inflation fell from 6.1% in 2013, in monthly averages, to 5.5% for 2014. This improvement was due to slower growth in prices for freely set products (6.4% vs. 7.2%) as well as for regulated products (3.4% vs. 3.6%). If subsidised products are excluded, inflation would come in at 6% for 2014 compared to 6.4% the year before.

The parameters of external debt rose in 2014 to 43.7% of gross national available income, up from 40.8% in 2013. Servicing this debt cost 2846.4 million dinars, 6.8% of current income. This compares to 3325.1 million dinars and 8.2% respectively in 2013.



ACTIVITY AT STB

Stock Market and STB Stock

After three years of social instability and political uncertainty, the Tunis Stock Market in 2014 achieved notable progress in its indicators. The Tunindex, which measures stock market capitalisation, rose to 5089.99 points on 31 December 2014, an increase of 16.17% compared to the level posted at the end of 2013, with a high of 5141.85 points on 22 December 2014. Similarly, the Tunindex 20 posted a yearly average increase of 22.62% at the end of 2014, compared to a drop of 2.16% the year before.

Overall capital traded on the stock market was up by 15.85% in 2014, reaching 1776.904 million dinars. This increase was due in part to greater activity in bond trading, the share of which rose from 5.3% in 2013 to 7.1% in 2014. The index for banking increased by 17.31% to 3115.76 points at the end of 2014.

Stock market capitalisation amounted to 17,324 million dinars in 2014, up from 14,093 million in 2013, an increase of 22.9%. The value of STB stock amounted to 124.3 million dinars in 2014 and the price of a share of STB stock ranged between 4.470 dinars and 6.300 dinars throughout 2014.

International Activity

International activity at STB was affected by conditions that were unfavourable for world trade, especially in the countries of the euro zone. Conditions in-country were also difficult, both politically and economically, contributing to a lower level of activity with banks abroad.

• Transactions abroad

Import and export transactions handled by STB amounted to 3059.2 million dinars and 1992.8 million dinars respectively, a 5.9% drop for imports and 21.2% for exports. Transfers were down by 3.7% in 2014, posting volume of 8346.9 million dinars compared to 8665.9 million dinars in 2013. This drop was due mainly to the decrease in activity in a number of convertible dinar accounts as economic conditions around the world deteriorated.

Settlements abroad 2013/2014

Settlements abroad (million Tunisian dinars)	2013	2014	Variations	
			Absolute	Relative
Imports	3.249,8	3.059,2	-190,6	-5,9
Exports	2.527,4	1.992,8	-534,6	-21,2
Non commercial transfers	8.665,9	8.346,9	-319,0	-3,7
Total	14.443,1	13.398,9	-1.044,2	-7,2



Trading floor in foreign currency

Turnover on the trading floor dealing in cash foreign exchange fell from 20.8 million dinars in 2013 to 14.5 million in 2014, a drop of 30.3%. Likewise, related proceeds fell by 11.6% to 9.9 million dinars compared to 11.2 million in 2013. On the other hand, the result of forward foreign exchange transactions rose by 56.4% over the 2013 figure, posting 1664.7 million dinars at the end of 2014. Net results on the money market in foreign currency rose by a remarkable 29.0% to 12.0 million dinars in 2014, up from 9.3 million a year earlier.

• International relations

In 2014 STB focused its international activity on strengthening cooperation with its foreign correspondents and seeking new relations throughout the world. There were some 72 visits by representatives of foreign banks, with reference to the level of their relationship to STB and measures to be taken to further develop these ties. There were more extensive and more intensive relationships in the network of the STB's contacts abroad, interacting with nine new foreign banks in Austria, Bulgaria, Egypt, Norway and the United States. In the area of international business, the Bank negotiated with new totally exporting companies as well as foreign companies holding contracts in Tunisia and which opened accounts in convertible dinars and in foreign currency. The Bank also monitored major initiatives involving international tenders, through the full cycle from launching to award of the contract. A large number of provisional and definitive guarantees were issued by STB in 2014, for an overall amount of 49.4 million dinars.

DEVELOPMENT OF TRADE

STB's commercial and marketing activity in 2014 sought to further develop its strategy to secure customer loyalty. Two new loan agreements were signed to benefit the staff of major clients. The search for new clients continued, with updating of various lists of prospects in client segments where the Bank needs to further develop its presence.

In order to diversify and consolidate its range of products, the Bank launched a study and established a calendar to set up five new loan and e-banking options. It also continued to monitor progress in marketing electronic banking, online data processing, Money Gram and foreign exchange. Such electronic activity yielded an 8.4% increase in commissions for electronic banking and 19% for online data processing and direct banking.

In the area of communication, faced with the need to confront tough competition, STB used both traditional (press, radio ...) and new media (websites, social networks ...), seeking greater visibility particularly among the growing younger generation.

The Bank has developed STB NET in a multi-platform version (P.C., pads, GSM and TV) that provides a range of functions: deposits, money transfers, issuing of bank statements, notification of amounts credited and debited, interest schedule, scanned checks). STB also launched a competitive game in the last quarter of the year relating to savings accounts and sponsoring a range of cultural and student activities.

In line with its strategic orientations, STB added two new branches to its network in 2014, located in Lac II and on Mokhtar Attia in downtown Tunis. It is preparing to set up another five branches, in Soukra, Ennasr, Sfax Chihia, Sfax Thyna and Sfax Sakiet Eddayer.



ACTIVITY AT STB

MODERNISING THE BANK

In the framework of modernisation of its information system, the Bank has completed all the contractual phases leading to start up of the system's core, encompassing the following modules: general interface, client referential, global vision, client accounting and single sign on.

Several initiatives and activities were undertaken in 2014 with regard to computer applications, notably :

- ✓ Start up of production and development of interfaces with the MEGARA application, a computer solution for processing and managing treasury transactions in dinars and foreign currency and the SVT cell
- ✓ Automating bi-directional transfers (send/receive) for large amount transfers using the new RTMP (real-time messaging protocol) system
- ✓ Upgrading of applications for loans to staff, loans to private parties, centralisation of commitments...
- ✓ Upgrading of the back office electronic banking application to handle the new ATM and SMART Visa electronic payment terminal systems following migration to the new SMARTVISTA server
- ✓ Development of the monitoring application for the standing committee for conformity, a module that enables monitoring of suspicious transactions in the framework of anti money laundering and financing of terrorism measures in the financial sector

A number of infrastructure initiatives were also carried out:

- ✓ Replacement of all servers at bank branches
- ✓ Signature of a contract for the necessary support and coaching required to ensure continued servicing of Microsoft infrastructure
- ✓ Start up of «Corporate Trunk SIP (system initiation protocol) mutualised support TT» software
- ✓ Introduction of «FAX server on IP software»
- ✓ Awarding of a contract for the introduction of a computer help site

HUMAN RESOURCES

The Bank continued to give priority to dynamic management of its human resources, based on assessment of performance and full mobilisation of all individual and collective skills. In this context, 1027 staff members took advantage of the many training opportunities offered at the Bank's integrated training centre in 2014 and 115 external training opportunities were offered, benefitting 234 participants.





In the framework of collaboration with various universities, centres and vocational training institutions approved by the State, STB took on 909 student interns and 244 vocational training interns in 2014.

The Bank continued to work on social policy, targeting a sound working environment, meeting staff expectations in terms of coverage of risk, and providing loans and ever better benefits.

As of 31 December 2014 STB's manning table showed 2017 staff members, 47% at headquarters and 53% throughout the network. The supervisory rate based on a university degree is 31.73%, representing staff holding a master's or higher degree.



STB Key figures

	MTND	12/2011	12/2012	12/2013	12/2014
Activity	Balance sheet total	7 072	7 544	7 015	7 341
	Client deposits	5 240	5 517	5 175	5 332
	Total resources taken in	5 690	5 938	5 526	5 628
	Outstanding balance of net loans to clients	5 557	5 653	5 469	5 611
	Total net financing to the economy	6 013	6 161	5 982	6 340
Results	Brokerage margin	139	141	155	162
	Volume of net commissions	53	52	54	55
	Turnover	407	400	449	500
	Net proceeds from banking	221	226	247	262
	Operating costs	121	126	127	142
	Gross operating result	104	103	125	126
	Net result for the year	11	-5	-115	21
Equity	Capital	124	124	124	124
	Reserves, including merger premium	358	359	359	360
	Results carried forward	-117	-226	-633	-749
	State endowed	117	117	117	117
	Results for the period	11	-5	-115	21,1
	Capital (prior to assignment of results)	528	404	-114	-92
Solvency & Risk	solvency ratio	9,85%	8,57%	-6,21%	-5,64%
	Liquidity ratio	89,5%	93,8%	80,0%	87,4%
	Rate of bad loans	23,0%	26,9%	28,7%	28,8%
	Rate of coverage for bad loans (*)	33,1%	34,3%	61,9%	65,7%
Profitability	Return on equity (ROE)	2,20%	-	-	-
	Return on assets (ROA)	0,16%	-	-	-
	Net results/ GNP	5,1%	-2,1%	-46,7%	8,0%
	Net Commissions/GNP	24,0%	23,0%	22,0%	21,1%
	Brokerage margins /GNP	62,9%	62,4%	62,8%	61,8%
	Net Commissions /wage	56,4%	52,5%	54,8%	51,2%
Productivity	Deposits / number of staff	2 249	2 462	2 433	2 644
	Loans / number of staff	2 385	2 523	2 571	2 782
	Net proceeds from banking/number of staff	95	101	116	130
	Cost/income ratio	54,7%	55,9%	51,3%	53,9%
Other indicators	Number of branches	118	118	121	123
	Number of ATMs	191	175	165	175
	Number of cards	151 978	151 843	151 692	150 548
	Number of electronic payment terminals	1 000	1 000	920	826
Key business indicators for stockholders	Closing price (in dinars)	10,10	8,96	5,22	5,00
	Stock market capitalization (in million dinars)	251	223	130	124
	Profits per share (in dinars)	0,46	-0,19	-4,64	1,06
Staff	Staff members	2 330	2 241	2 127	2 017
	of whom :				
	departmental Staff	1,7%	1,7%	2,3%	2,3%
	operational Staff	9,7%	8,9%	9,8%	9,2%
	supervisory Staff	21,6%	19,4%	17,9%	15,5%
	management Staff	29,5%	29,4%	27,2%	27,7%
	Upper management Staff	37,5%	40,5%	42,9%	45,3%
	Breakdown of staff by:				
	Headquarters	44,5%	44,0%	44,6%	44,3%
	Network	52,2%	53,0%	52,4%	52,9%
Other	3,3%	3,0%	3,0%	2,8%	

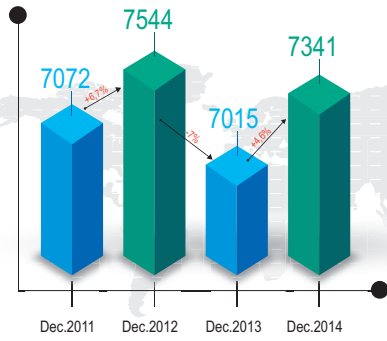
(*) taking into account additional provisions



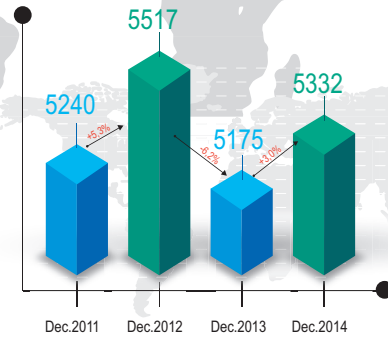


STB Key figures

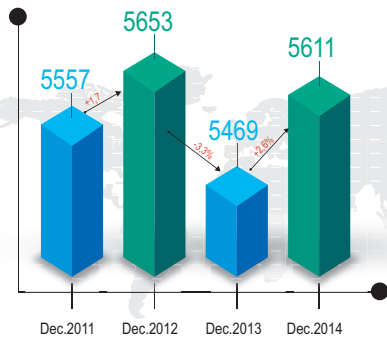
1 Overall balance sheet (in million dinars)



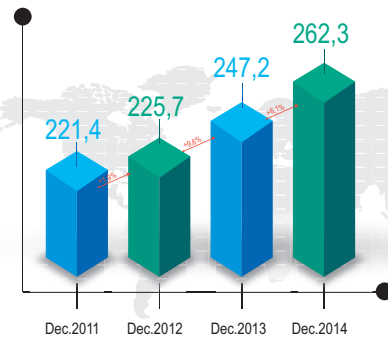
2 Client deposits (in million dinars)



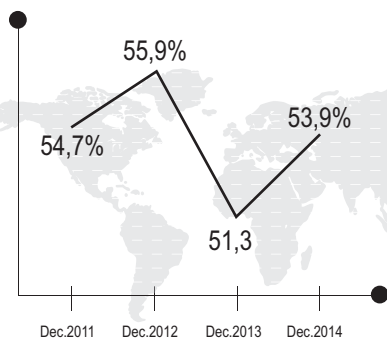
3 Loans to clients (million dinars)



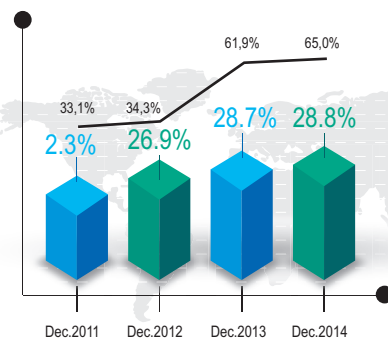
4 Trends in GNP



5 Trends in operating ratio



6 Trends in the rate of bad debts



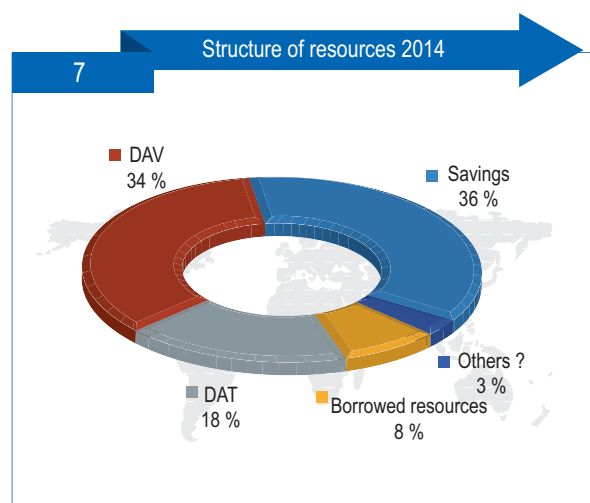
Resources

STB continued to actively raise funds despite adverse economic conditions marked by sharp tightening of liquidity. 2014 closed with an outstanding balance of enlarged resources that was up by 74.2 million dinars (1.2%), compared to a drop of 455.8 million dinars (7.0%) a year earlier. This occurred despite drops in loan resources (-28 million dinars or -5.4%), investment in State securities (-54.3 million dinars or -15.5%), as well as forward deposits (-36.7 million dinars or -3.4%). It should be noted that this last decrease reflected the Bank's decision to limit recourse to this form of resources for reasons of profitability but also to avoid dependency on certain relations and the practices of outbidding used by a number of Tunisian banks. The structure of resources thus improved, with the share of low interest deposits increasing from 72% at the end of 2013 to 74% at the end of 2014).

1. Client deposits

The outstanding balance of client deposits rose by 156.6 million dinars or 3.0%, coming to 5332 million dinars at the end of 2014 (5175.4 million dinars in 2013).

This increase involved mainly low-yield, relatively stable deposits: sight deposits (+ 152.8 million dinars or 7.6%) and savings deposits (+40.5 million dinars or 2%). Forward deposits were down from 1080.8 million dinars to 1044.1 million dinars, in line with the Bank's conscious choice to hold costs to competitive levels.



in million TND	Dec-13	Dec-14	Variation	
			in million dinars	%
Client deposits	5 175,4	5 332,0	156,6	3,0%
Financial brokerage	350,3	296,0	-54,3	-15,5%
Loans	519,0	491,0	-28,0	-5,4%
Total enlarged resources	6 044,7	6 118,9	74,2	1,2%



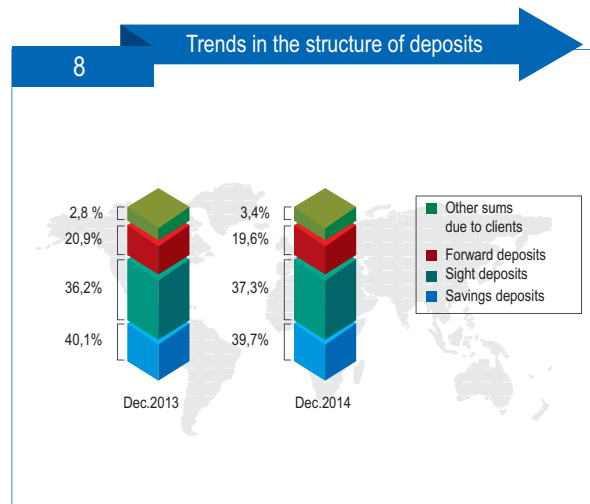


Resources

in million TND	Dec-13		Dec-14		Variation		
	Share	Dec-13	Share	Dec-14	in million dinars	%	
Sight deposits		1 875,4	36,2%	1 989,2	37,3%	113,8	6,1%
In foreign currency		573,8	11,1%	596,0	11,2%	22,1	3,9%
Forward deposits		1 080,8	20,9%	1 044,1	19,6%	-36,7	-3,4%
Savings deposits		2 075,4	40,1%	2 116,0	39,7%	40,5	2,0%
Other sums due to clients		143,8	2,8%	182,8	3,4%	39,0	27,1%
Total client deposits		5 175,4	100,0%	5 332,0	100,0%	156,6	3,0%

Structure of client deposits by category

Client deposits continued to constitute a major share of sight deposits as well as savings deposits, accounting for 77% of overall client deposits at the end of 2014, an increase of 70 base points compared to the year before. The share of forward deposits, which account for the highest yield, fell by 1.3 points to 19.6%.



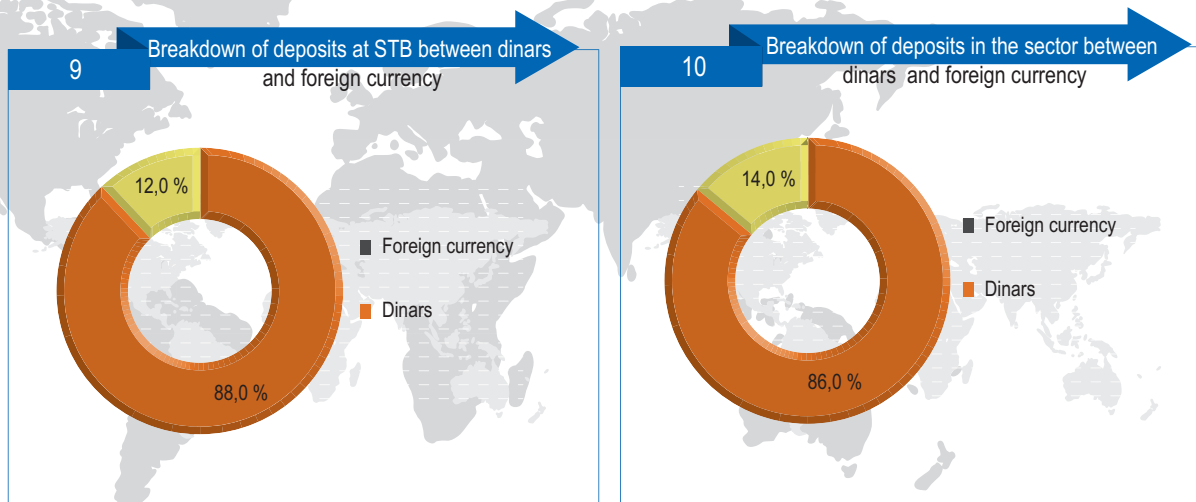
• Sight deposits

At the end of December 2014 sight deposits reached an outstanding balance of 1989.2 million dinars, an increase of 113.8 million dinars or 6.1% compared to yearend 2013. This increase includes a 22.1 million dinar increase in foreign currency deposits, which came to 596 million dinars. Thus the share of sight deposits in overall deposits was up by 1.1 point to 37.3%.

At the end of December 2014, deposits in foreign currency at the Bank represented a 12% share vs. an average of 14% for the banking sector.



Resources



• Savings deposits

Between yearend 2013 and yearend 2014, these deposits increased by 40.5 million dinars (2%) to 2116 million, compared to 2.5% between yearend 2012 and yearend 2013. And STB continued to hold the largest share of the savings deposits market, which is spread quite thin.

• Deposits

Forward deposits continued to drop, from 1080.8 million dinars at the end of 2013 to 1044.1 million at the end of 2014. This 36.7 million dinar (3.4%) decrease involved mainly investments by a number of institutions that were of short duration and fairly high costs.

At the same time, with a view to ensuring the best possible backing for uses, STB strove to secure this type of resource from other clients, while giving priority to long-maturity subscriptions, particularly in the form of forward accounts. It is of note that the structure of forward deposits by category of rates continued to be dominated by fixed rate subscriptions.

	0-6 months	6-12 months	12-18months	≥18 months	Total
Fixed rate	45.1%	17.6%	11.2%	18.9%	92.7%
Variable rate	0.5%	1.4%	1.8%	3.5%	7.3%
Total	45.6%	19.0%	13.0%	22.4%	100.0%

2. Borrowed resources

At the end of 2014 the outstanding balance of borrowed resources amounted to 491 million dinars, a drop 28 million dinars or 5.4% compared to its level at the end of 2013. This compares to a decrease of 43.8 million dinars (7.8%) between yearend 2012 and yearend 2013. This weakening was due mainly to payments against a number of bond and private loans, notably:





Resources

✓ Private bond loan 2012/1	:	- 10,2 MD
✓ Subordinated bond loan	:	- 9,9 MD
✓ Bond loan 2010	:	- 8,2 MD
✓ Bond loan 2008	:	- 5,4 MD

Special resources increased by 6.9 million dinars, following signature by the Bank of a number of external lines of credit destined mainly for small/medium scale businesses and industries and for hotels.

3. Financial brokerage

At the end of 2014, the outstanding balance of client investment in monetary and financial instruments amounted to 296 million dinars, a drop of 54.3 million dinars or 15.5%, with particular reference to bonds equivalent to treasury bonds. But this decrease should not override the Bank's efforts to actively finance public debt by participating in all adjudications. To this end, in light of tighter liquidity and in order to be able to refinance at the central bank, STB has maintained a fairly high outstanding balance of treasury bonds.

in million TND	Dec-13	Dec-14	Variation	
			in million dinars	%
Banknotes	22,8	21,8	-1,1	-4,6%
Short term treasury bonds	20,0	12,0	-8,0	-40,1%
Bonds equiv. to treasury bonds	307,5	262,3	-45,2	-14,7%
Client investment	350,3	296,0	-54,3	-15,5%



Uses

1. Net financing to the economy

In 2014 the Bank continued its efforts to provide financing to the economy, providing gross loans amounting to 530.4 million dinars (6.3%) more than the year before. This increase concerned mainly gross loans to clients (+296.4 million dinars or 3.9%) and to a lesser degree the securities portfolio (+235 million dinars or 34.1%). Taking into account the additional envelope for provisions and reserved agios, the net outstanding balance of financing to the economy rose by 358.3 million dinars (6.0%) over the period under review, to a total of 6340.3 million dinars.

in million TND	Dec-13	Dec-14	Variation	
			in million dinars	%
Gross loans to clients	7 672.2	7 968.6	296.4	3.9%
Securities portfolio	689.6	924.6	235.0	34.1%
Banknotes	22.8	21.8	-1.1	-4.6%
Gross loans to the economy	8 384.6	8 915.0	530.4	6.3%
Provisions	1 441.2	1 530.9	89.7	6.2%
Reserved agios	961.4	1 043.8	82.4	8.6%
Net loans to the economy	5 982.0	6 340.3	358.3	6.0%

• Net loans to clients

At the end of 2014 the gross outstanding balance of loans to clients came to 7968.6 million dinars, up from 7672.2 million a year earlier. Net of provisions and reserved agios, the outstanding balance of these loans came to 5610.8 million dinars vs. 5469.1 million the year before, an increase of 141.7 million dinars (2.6%).

This higher amount involved mostly management loans, up in gross terms by 226.4 million dinars or 9.6%, in line with the Bank's goal of increasing the share of this category of commitments, which in fact constitutes its revolving fund. Investment loans went up slightly, by 45.2 million dinars (1.3%), which should be viewed in relation to a slowdown in investment at the macroeconomic level. Furthermore, the outstanding balance of loans to private parties rose from 1578.3 to 1607.5 million dinars, an increase of 29.1 million dinars or 1.8%. With reference to these trends, the share of management loans increased by 1.7 points to 32.4%, to the detriment notably of investment loans, which fell by 1.1 points to 44.5%. The high level of provisions is due mainly to build-up in 2013 of additional provisions for loans outstanding for three years or more in risk categories 4 and 5, in application of central bank of Tunisia circular n°21/2013.

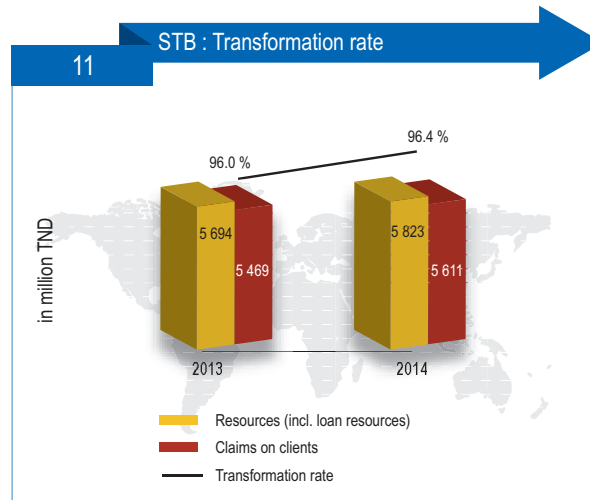




Uses

in million TND	Dec-13	Dec-14	Variation	
			in million dinars	%
Management loans	2 353,8	2 580,2	226,4	9,6%
Investment loans	3 504,2	3 549,4	45,2	1,3%
Loans to private parties	1 578,3	1 607,5	29,1	1,8%
Other loans	235,9	231,5	-4,3	-1,8%
Gross loans to clients	7 672,2	7 968,6	296,4	3,9%
Provisions	1 241,6	1 314,0	72,3	5,8%
Reserved agios	961,4	1 043,8	82,4	8,6%
Net loans to clients	5 469,1	5 610,8	141,7	2,6%

Trends in net loans at a pace near that of resources meant that the rate of transformation was stabilised and maintained at virtually the same level as at yearend 2013, about 96%.



• Quality of assets

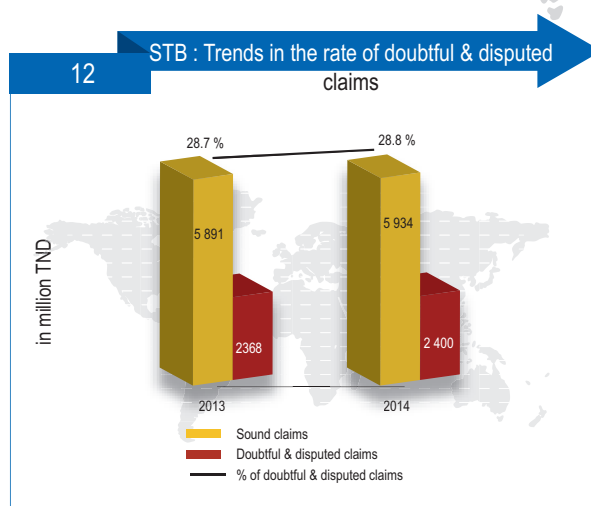
The outstanding balance of unpaid debts was up slightly (by 31 million dinars or 1.3%) to 2400 million dinars at the end of 2014, largely in tourism. However, the rate of coverage of these debts net of agios improved, up from 61.9% at the end of 2013 to 65.7% at the end of 2014. This fairly high level of coverage originated in the constitution of a high level of additional provisions for claims in categories 4 and 5 outstanding for more than three years: 487 million dinars in 2013 and 55 million in 2014.

Therefore the outstanding balance of provisions and reserved agios assigned to cover outstanding claims reached a high 1751 million dinars at the end of 2014. This compared to 1646 million dinars at yearend 2013, an increase of 105 million dinars or 6.4%.



Uses

Million TND	2013	2014	Variation	%
Sound claims	5 891	5 934	43	0,7%
Doubtful & disputed claims	2 368	2 400	31	1,3%
in % of gross claims	28,67%	28,79%		
Gross claims	8 260	8 334	74	0,9%
Provisions & reserved agios	(1 646)	(1 751)	(105)	6,4%
Net claims	6 614	6 583	(30)	(1)
Rate of coverage of outstanding debt				
(Central Bank of Tunisia recommendations	61,9%	65,7%		



• Securities portfolio

The gross outstanding balance of the securities portfolio posted an increase of 235 million dinars to 924.6 million.

Trends were for the most part the result of increases in:

- ✓ the commercial securities portfolio: +179.7 million dinars, mainly in the form of bonds equivalent to treasury bonds (+135 MD) and short term treasury bonds (+47 MD)
- ✓ the investment securities portfolio: + 63.9 million dinars, following subscription by the Bank to domestic borrowing by the State

Net of provisions, the outstanding balance of the Bank's securities portfolio amounted to some 707.7 million dinars, up from 490.1 million at the end of 2013, an increase of 217.7 million dinars or 44.4%.





Uses

in million TND	Dec-13	Dec-14	Variation	
			in million dinars	%
Conserved treasury bills	215.5	395.2	179.7	83.4%
Commercial securities portfolio	215.5	395.2	179.7	83.4%
Investment securities	33.7	97.6	63.9	189.7%
Stocks	206.5	198.3	-8.2	-4.0%
Shares in co- and associated companies	89.1	88.8	-0.3	-0.4%
Shares in related companies	123.6	123.6	0.0	0.0%
Retrocession shares	21.2	21.2	0.0	0.0%
Investment securities portfolio	474.1	529.5	55.3	11.7%
Gross securities portfolio	689.6	924.6	235.0	34.1%
Provisions	199.6	216.9	17.4	8.7%
Net securities portfolio	490.1	707.7	217.7	44.4%

3. Off balance sheet commitments

Off balance sheet commitments dropped by 204.2 million dinars to 1272.9 million dinars, compared to 1477 million dinars a year earlier. This drop concerned:

- ✓ commitments in favour of or on behalf of clients: -77.1 million dinars, mostly in opening of documentary credit (-118.7 million dinar) and for a number of institutional clients (Tunisian board of commerce, the Gafsa phosphates company, the Chemical Group)
- ✓ commitments in favour of or on behalf of banks: -127.1 MD of which (-80.1 MD) represented the drop in counter-guarantees

in million TND	Dec-13	Dec-14	Variation	
			in million dinars	%
Commitments in favour of or on behalf of clients	1 002.9	925.8	-77.1	-7.7%
Opening of documentary credit	364.0	245.3	-118.7	-32.6%
Unused notified loans	115.6	145.7	30.1	26.0%
Guarantees and endorsements	517.6	527.3	9.7	1.9%
Unpaid shares	3.6	3.5	-0.2	-5.1%
Commitments on treasury notes	2.0	4.0	2.0	
Commitments in favour of or on behalf of banks	474.2	347.0	-127.1	-26.8%
Non resident banks established abroad	474.2	347.0	-127.1	-26.8%
Confirmation of documentary credit	73.3	26.3	-47.0	-64.1%
Other irrevocable guarantees	400.9	320.8	-80.1	-20.0%
Total off balance sheet commitments	1 477.0	1 272.9	-204.2	-13.8%



Performance indicators

I. Net proceeds from banking

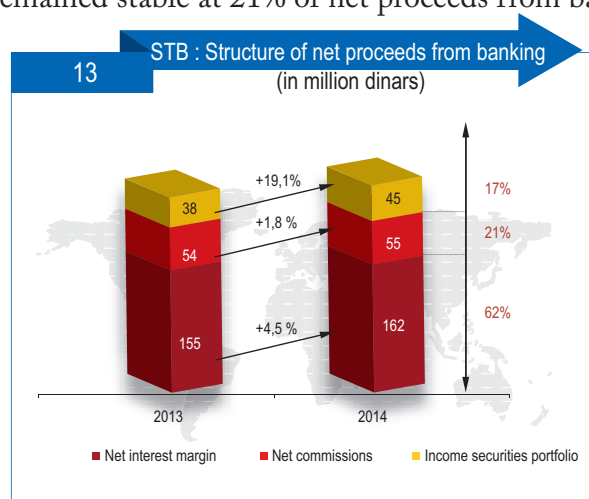
At the end of December 2014, net proceeds from banking amounted to 262.3 million dinars, an increase of 15.1 million dinars or 6.1% compared to 2013. This trend is attributable to the following main factors:

- an increase in proceeds from interest (+42.8 million dinars), particularly those pertaining to the portfolio of financial paper (+40.9 million dinars)
- higher revenue generated by government securities (+4.8 MD), following an increase in the average outstanding balance of treasury bonds in the Bank's portfolio
- higher income in the portfolio of investment securities (+3.7 million dinars)

in million TND	Dec-13	Dec-14	Variation in million dinars en %	
Interest and related income	351 735	394 529	42 794	12.2%
Incurred interest & related charges	(196 567)	(232 377)	(35 811)	18.2%
Net interest margin	155 168	162 151	6 983	4.5%
Commissions received	59 643	60 246	603	1.0%
Commissions paid	(5 325)	(4 977)	347	(6.5%)
Net commissions	54 318	55 269	951	1.8%
Gains on the commercial securities portfolio	10 367	15 196	4 829	46.6%
Gains on foreign exchange transactions	17 680	16 380	(1 300)	(7.4%)
Income from the investment securities portfolio	9 680	13 346	3 666	37.9%
Other proceeds	37 727	44 923	7 196	19.1%
Net proceeds from banking	247 213	262 343	15 130	6.1%

The structure of net proceeds from banking remain marked by the predominance of brokerage activity with a 62% share, although there was an appreciable improvement in the contribution of income generated by the commercial securities and investment portfolios: 17% in 2014 vs. 15% in 2013.

The share of commissions remained stable at 21% of net proceeds from banking.



Performance indicators

Trends in the components of net banking proceeds

1. **The net interest margin** rose by 7 million dinars (4.5%), from 155.2 million dinars at the end of 2013 to 162.2 million at the end of 2014, almost entirely due to a higher margin on commercial activity, up 25%. The margin on cash transactions was down because of increased recourse by the Bank to refinancing on the money and interbank market.

STB – Analysis of the net interest margin

TND 000	2013	2014	Variation	%
Interest and related income	351 735	394 529	42 794	12,2%
Interests and related charges	(196 567)	(232 377)	(35 811)	18,2%
Net interest margin/interbank transactions	2 037	(28 660)	(30 697)	
Net interest margin/transactions w/clients	141 000	176 838	35 838	25%
Net interest margin on other transactions	12 131	13 974	1 843	15%
Net interest margin	155 168	162 151	6 983	4,5%
Gross proceeds from banking	247 213	262 343		
as % of net proceeds from banking				
Net interest margin as a % of net banking proceeds	63%	62%		
Net interest margin on cash & interbank transactions	1%	(11%)		
Net interest margin on transactions with clients	57%	67%		
Net interest margin on other transactions	5%	5%		

2. **Net commissions** rose by some one million dinars (1.8%) to 55.3 million dinars at the end of December 2014. Commissions were down moderately, due mainly to a drop in foreign trade transactions by a number of institutions and in the lower level of commissions on foreign exchange transactions. Commissions were paid largely on financing and account management activities, with respective shares of 40% and 36%. Other services contributed at a very low level to overall commissions.

The share of commissions in formation of net banking proceeds dropped between 2013 and 2014 from 22% to 21.1%.

STB - Contribution by category of activities in commissions

(TND 000)	déc.-13	% COMM.	déc.-14	% COMM.
Financing activity	20 634	38%	22 243	40%
Account management activity	20 178	37%	19 867	36%
Foreign trade and transfer activity	8 189	15%	7 014	13%
Electronic banking & BD activity	4 773	9%	5 043	9%
Other	543	1,0%	1 102	2%
Total net commissions	54 317	100%	55 269	100%

3. **Gains on the commercial securities portfolio** posted a remarkable increase of 4.8 million dinars (47%), in line with the Bank's goal of ensuring a stable source of high yield and low risk income. The commercial securities portfolio contributed a higher share to net banking proceeds, up from 4.2% to 5.8%.



Performance indicators

STB - Gains on the commercial securities portfolio

(TND 000)	2013	2014	Variation	%
Net gains on transaction securities	3 669	4 368	699	19%
Net gains on investment securities	6 698	10 828	4 130	62%
Gains on the commercial securities portfolio	10 367	15 196	4 829	47%
Gross banking proceeds	247 213	262 343		
% of net banking proceeds	4,2%	5,8%		

Trends in the components of net banking proceeds

4. Net gains on foreign exchange transactions fell by 1.3 million dinars (7.4%), from 17.7 million dinars to 16.4 million between 2013 and 2014.

This drop was attributable to non-cash (book) foreign currency exchange transactions, down by 1.1 million dinars and, to a lesser degree, the result of foreign exchange for settling transactions with VISA and MasterCard (-0.3 million dinars).

This trend, which held for the sector as a whole, was the combined result of the following factors:

- ✓ A very competitive market
- ✓ A drop in margins between buying and selling prices
- ✓ Significant volatility in the rates of the USD and the euro
- ✓ Daily foreign exchange positions, which at best were fairly low

5. Income from the investment securities portfolio came to a total of 13.3 million dinars at the end 2014, an increase of 3.7 million dinars (38%) compared to the end of 2013.

This increase involved mainly proceeds in the form of:

- ✓ interest on investment securities: +2.0 million dinars as a result of the Bank's subscription to the national bond issue, in the amount of 70 million dinars
- ✓ stock dividends: + 1.2 million dinars, amounting to a total of 7.9 million dinars at the end of 2014, vs. 6.6 million in 2013

(TND 000)	2013	2014	Variation	%
Interest & related income on investment securities	1 973	3 939	1 966	100%
Income from capital risk funds	875	1 319	445	51%
Income from stocks	6 833	8 088	1 256	18%
Dividends & related income from stocks	7 707	9 407	1 700	22%
Income for the investment securities portfolio	9 680	13 346	3 666	38%



Performance indicators

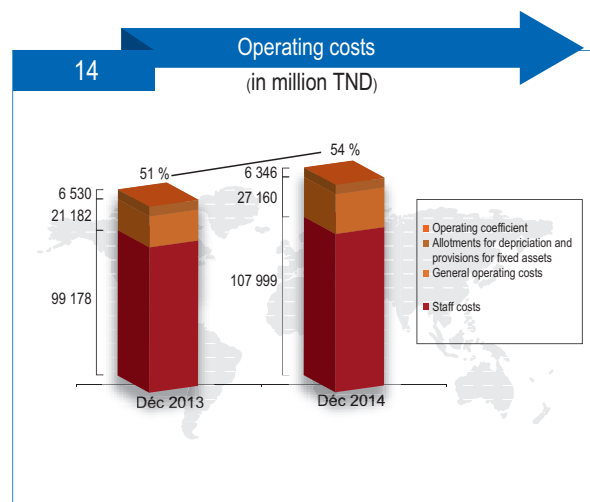
II. Gross operating results

In line with the increase in operating costs, which reached 54% of net banking proceeds, gross operating results at the end of 2014 came to 126.3 million dinars, up from 125.1 million at the end of 2013. Overall operating costs rose by 14.6 million dinars (11.5%) to 141.5 million, due to outlays for a number of non recurring expenses. This variation can be broken down as follows:

- ✓ Wages : +8.8 million dinars (8.9%)
- ✓ General operating costs : + 6 MD (28.2%)
- ✓ Allotment to amortization : - 0.2 MD (-2.8%)

(TND 000)	déc.-13	déc.-14	Variation	
			MT	en %
Net banking proceeds	247 213	262 343	15 130	6,1%
Other operational proceeds	4 759	5 419	659	14%
Operational proceeds	251 972	267 762	15 789	6,3%
Staff costs	(99 178)	(107 999)	(8 821)	8,9%
Wages & salaries	(78 670)	(85 679)	(7 009)	8,9%
Social costs	(20 508)	(22 319)	(1 811)	8,8%
General operating costs	(21 182)	(27 160)	(5 978)	28,2%
Non banking operating costs	(9 504)	(10 870)	(1 366)	14,4%
Other operating costs	(11 678)	(16 290)	(4 612)	39,5%
Allotment to amortization	(6 530)	(6 346)	184	(2,8%)
Operating costs	(126 889)	(141 504)	(14 615)	11,5%
Gross operating results	125 083	126 257	1 175	0,9%

With reference to the above, the operating coefficient measured as a ratio between operating costs and net banking proceeds depreciated by almost three percentage points to 54%, while remaining at a level near that of competitors.



Performance indicators

III. The cost of risk

The overall cost of risk decreased by 149.3 million dinars between 2013 and 2014, from 239.6 million dinars to 90.3 million. This drop involved mainly the cost of risk on accounts receivable from clients (-156 million dinars), with reference to efforts made in 2013 to build up provisions. This was achieved further to central bank of Tunisia directive of December 2013 to increase net additional provisions (-28.5 million dinars) as well as provisions for recurrent activities (-129 million dinars).

In application of central bank of Tunisia circular n°21/2013, STB in 2013 allotted the sum of 486.7 million dinars as additional provisions, of which 403.2 million involved years prior to 2013, held in the accounting modifications account. Efforts to build up additional provisions specifically for 2013 and 2014 yielded respective amounts of 83.5 million and 55.0 million dinars.

TND 000	2013	2014	Variation	%
Allotments for provisions on claims	(169 580)	(54 397)	115 183	(68%)
Recovery of provisions on claims	24 998	38 793	13 795	55%
Allotments for additional provisions	(90 990)	(62 882)	28 108	(31%)
Recovery of additional provisions	7 477	7 837	361	5%
Recovery of agios on abandoned claims	1 849	1 849	n.a.	
Claims entered as losses	(836)	(4 142)	(3 306)	395%
Allotment of net provisions for depreciation of claims on clients	(228 931)	(72 943)	155 988	(68%)

The cost of risk on the securities portfolio rose by 0.6 million dinars from 12.8 million dinars at the end of 2013 to 13.4 million at the end of 2014.

TND en milliers	Dec-13	Dec-14	Variation	%
Allotment to provisions/depreciation of the investments portfolio	(11 717)	(16 691)	(4 974)	42%
Recovery of provisions/depreciation of the investments portfolio	237	1 585	1 348	570%
Recovery of provisions on managed funds	(3 913)	(3 296)	617	(16%)
Recovery of provisions on managed funds	1 838	1 043	(794)	(43%)
+/-value of sales/investment portfolio	1 027	3 975	2 948	287%
Losses on capital risk funds	(263)	-	263	(100%)
Allotment to provisions & result of correction on investment funds	(12 791)	(13 384)	(592)	5%

The cost of risk on the securities portfolio rose by 0.6 million dinars from 12.8 million dinars at the end of 2013 to 13.4 million at the end of 2014.

MTD	Dec-13	Dec-14	Variation MTD	%
Allotments to provisions and result of correction of values on claims, off balance sheet and liabilities	(226 804)	(76 909)	149 896	(66,1%)
Allotments to provisions and result of correction of values on the investment portfolio	(12 791)	(13 384)	(593)	5%
Cost of risk	(239 595)	(90 293)	149 303	(62,3%)





Performance indicators

IV. Net results

STB got back to positive results, posting net profits of 21.1 million dinars at the end of 2014.

This level of results was attributable to improvement in operating results as well as a drop in the overall cost of risk, notwithstanding a tax burden in 2014 that was well above that of 2013: 16.1 million dinars and 0.9 million respectively.

(TND 000)	déc.-13	déc.-14	Variation	
			MT	%
Gross operating results	125 083	126 257	1 175	0,9%
Operating results	(114 513)	35 965	150 477	(131,4%)
Balance as gains/losses from other ordinary components	(3)	1 205	1 208	
Corporate tax	(937)	(16 062)	(15 125)	
results of ordinary activities	(115 453)	21 107	136 560	(118,3%)
Impact of accounting modifications (net of tax)		(403 221)	403 221	(100%)
Net results	(518 674)	21 107	539 781	(104,1%)

In light of these achievements, profitability and productivity ratios evolved as follows:

million TND		Dec-11	Dec-12	Dec-13	Dec-14
Profitability	Net results/net banking proceeds	5,1%	-2,1%	-46,7%	8,0%
	Net commissions/net banking proceeds	24,0%	23,0%	22,0%	21,1%
	Brokerage margins/net banking proceeds	62,9%	62,4%	62,8%	61,8%
	Net commissions/wages	56,4%	52,5%	54,8%	-51,2%
Productivity	Deposits/number of staff	2 249	2 462	2 433	2 644
	Loans/number of staff	2 385	2 523	2 571	2 782
	Net banking proceeds/number of staff	95	101	116	130
	Operating coefficient	54,7%	55,9%	51,3%	53,9%



Prospects for development

STB is entering a phase of restructuring that seeks to achieve between 2015 and 2018 in-depth and swift recovery, with STB claiming anew a leading role on the Tunisian banking scene.

This programme targets the following objectives:

- Strengthening of the bank's financial soundness
- Enhancement of STB's governing and management modes and of its institutional framework
- Consolidation of its human and operational capacities
- Strengthening of its competitiveness and its effectiveness in financing of the economy

The scenario for restructuring retained by the Bank is based on the following main objectives:

✓ Clearing up the balance sheet

This includes recapitalisation of the Bank so that it meets in a sustainable manner prudential ratios and norms

✓ Financial considerations

An action plan will be developed that will lead to introduction of an effective system for managing finances, notably by integrating an asset liability model (ALM)

✓ Governance

There is a need to:

- empower the Directorate General with the sort of management prerogatives available to private bank upper management
- create an exceptional statute to carry out reforms thanks to enhanced governance and implementation of the 5 December 2013 decree

✓ Organisation:

Organisation at STB as it now stands needs to be fundamentally revisited on the basis of an organisational chart that ensures greater effectiveness in decision making and better adherence to best practices.

✓ Commercial activities:

Focus should be given to:

- Strengthening of the network
- Strengthening of products
- Lower cost for resources
- Seeking a higher level target clientele

✓ Human resources:

This stage can be broken down into two key phases

- Initial clearing up
- Keeping up with growth: strengthening of the level of skills and a major effort in recruiting manpower

✓ Information system:

Acquisition and start-up as quickly as possible of missing functional components and finalisation of activities already under way with a view to ensuring compatibility with the previously acquired core as well as enhanced performance of the information system

✓ Risk :

Introduction of an effective system to manage risk, in line with regulatory requirements, by:

- formalising a general policy addressing risk
- Introduction of a new internal control system





FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014



ANNUAL REPORT 2014

BALANCE SHEET

31/12/2014

(in thousand dinars)

ASSETS	Note	31 Dec 2014	31 Dec 2013
1- Cash and holdings at the central bank of Tunisia (BCT), the postal checks centre (CCP) and the Tunisian general treasury (TGT)	3.1	193 975	144 052
2- Claims on banking and financial institutions	3.2	139 740	235 276
3- Claims on clients	3.3	5 610 820	5 469 127
4- Commercial securities portfolio	3.4	395 173	215 475
5- Investment portfolio	3.5	312 560	274 583
6- Fixed assets	3.6	84 084	83 458
7- Other assets	3.7	604 452	593 203
TOTAL ASSETS		7 340 804	7 015 174
LIABILITIES			
1- Central bank of Tunisia and postal checks centre		583 588	544 286
2- Deposits and assets of banking and financial institutions	3.8	234 521	188 226
3- Client deposits and assets	3.9	5 331 978	5 175 396
4- Borrowings and special resources	3.10	490 968	519 003
5- Other liabilities	3.11	791 969	702 086
TOTAL LIABILITIES		7 433 024	7 128 997
EQUITY			
1- Capital		124 300	124 300
2- State allotment		117 000	117 000
3- Reserves		359 791	359 295
4- Treasury shares		-2 859	-2 859
5- Other equity		37 324	37 324
6- Results carried forward		-748 883	-633 430
7- Result for the year		21 107	-115 453
TOTAL EQUITY	3.12	-92 220	-113 823
TOTAL LIABILITIES AND EQUITY		7 340 804	7 015 174



SOCIETE TUNISIENNE DE BANQUE

STATEMENT OF OFF BALANCE SHEET COMMITMENTS AS AT 31 DECEMBER 2014



(in thousand dinars)

	Note	31 Dec 2014	31 Dec 2013
CONTINGENT LIABILITIES			
HB 1	Deposits, endorsements and other guarantees give	852 078	920 485
HB 2	Documentary credit	271 599	437 259
HB 3	Assets given as guarantee		
	TOTAL CONTINGENT LIABILITIES	1 123 678	1 357 744
COMMITMENTS GIVEN			
HB 4	Financing commitments given	145 735	115 647
HB4-a	Financing commitments	145 735	115 647
HB4-b	Commitments to reimburse the State	0	0
HB 5	Commitments on securities	3 458	3 646
	TOTAL COMMITMENTS GIVEN	149 194	119 292
COMMITMENTS RECEIVED			
HB 6	Financing commitments received		
HB 7	Guarantees received	1 308 729	1 506 074



STATEMENT OF RESULTS

for the period 1 January 2014 to 31 December 2014

(in thousand dinars)

	Note	31 Dec 2014	31 Dec 2013
PROCEEDS FROM BANKING OPERATIONS			
- Interest and related income	3.16	394 529	351 735
- Commissions	3.17	60 246	59 643
- Gains on the commercial securities portfolio and financial transactions	3.18	31 576	28 047
- Income from the investment securities portfolio	3.19	13 346	9 680
OVERALL PROCEEDS FROM BANKING OPERATIONS		499 697	449 105
COSTS FOR BANKING OPERATIONS			
- Accrued interest and related charges	3.20	-232 377	-196 567
- Commissions incurred		-4 977	-5 325
- Losses on the commercial securities portfolio and financial transactions		0	0
OVERALL COSTS FOR BANKING OPERATIONS		-237 354	-201 892
NET BANKING PROCEEDS			
		262 343	247 213
- Allotments to provisions and result of correction of values on claims, off balance sheet and liabilities	3.21	-76 909	-226 804
- Allotments to provisions and result of correction of values on the investment portfolio	3.22	-13 384	-12 791
- Other operational proceeds		5 419	4 759
- Staff costs	3.23	-107 999	-99 178
- General operating costs	3.24	-27 160	-21 182
- Allotments for depreciation and provisions for fixed assets		-6 346	-6 530
OPERATING RESULTS		35 964	-114 513
- Balance as gains or losses from other ordinary components		1 205	-3
- Corporate tax	3.25	-16 062	-937
RESULT OF ORDINARY ACTIVITIES		21 107	-115 453
- Balance as gains or losses from extraordinary components		0	0
NET RESULTS FOR THE YEAR		21 107	-115 453
IMPACT OF ACCOUNTING MODIFICATIONS (NET OF TAX)		0	-403 221
RESULTS AFTER ACCOUNTING MODIFICATIONS		21 107	-518 674



CASHFLOW STATEMENT

1 January - 31 December 2014



(in thousand dinars)

	Note	2014	2013
OPERATIONAL ACTIVITIES			
Proceeds from banking operations that have been encashed		509 440	424 790
Costs for banking operations that have been disbursed		-238 343	-208 872
Deposits/withdrawals at other banking and financial institutions		8 797	8 487
Loans and advances / Reimbursement of loans and advances to clients		-243 436	-420 806
Deposits / Withdrawal of deposits by clients		159 268	-335 328
Acquisition/sale of investment securities		-131 010	-19 613
Sums paid to staff and miscellaneous creditors		-110 285	-100 815
Other cash flows from operational activities		45 831	-82 376
Corporate tax that has been paid		-1 238	-983
Net cash flows assigned to operational activities		-975	-735 515
INVESTMENT ACTIVITIES			
Interest and dividends encashed on the investment portfolio		10 721	9 288
Acquisition/ sale on the investment portfolio		-52 494	-7 556
Acquisition/sale of fixed assets		-6 973	-8 190
Net cash flows assigned to investment activities		-48 745	-6 458
FINANCING ACTIVITIES			
Issue of stock		0	0
Issue/reimbursement of loans and special resources		-28 092	-42 722
Dividends paid		0	-1
Net cash flows assigned to financing activities		-28 092	-42 723
Net variation of liquidity and quasi-liquidity during the year		-77 812	-784 695
Liquidity and quasi-liquidity at the beginning of the year		-311 355	473 340
Liquidity and quasi-liquidity at the end of the year	3.26	-389 167	-311 355



NOTES ON FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

1. REFERENTIAL FOR DRAWING UP FINANCIAL STATEMENTS

STB's financial statements as at 31 December 2014 have been drawn up in line with accounting principles generally applied in Tunisia, notably accounting norms NCT 21, 22, 23, 24 and 25 pertaining to banking institutions.

2. BASIS FOR MEASUREMENT AND PERTINENT ACCOUNTING PRINCIPLES APPLIED

STB's financial statements are drawn up on the basis of measuring the components of patrimony at their historic cost. The most significant accounting principles can be summarized as follows.

2.1. Accounting for commitments and related income

2.1.1 *Accounting for off balance sheet commitments*

Financing commitments relating to medium and long term loans, documentary credit and guarantees in the form of endorsements and deposits are entered on the off balance sheet as they are contracted, then transferred to the balance sheet as funds are released, at their face value.

2.1.2 *Accounting for loans to clients*

Loans net of discount are entered on the balance sheet at their face value minus interest settled in advance but not yet accrued. Disbursed loans and overdrawn current accounts are entered with the deduction of interest and reserved agios, proceeds received or entered into accounting in advance, and related provisions.

2.1.3 *Accounting for income on loans to clients*

Interest, related proceeds and commissions are taken into account under results for the year ending 31 December 2014 at the amounts pertaining to that year. Interest on short term loans is settled in advance and accounted for under adjustment accounts when the loan is released. They are the object of subscription at the end of the month for the portion accrued. Unpaid interest pertaining to doubtful long and medium term loans (classes B2, B3 and B4), in the sense of central bank of Tunisia circular n° 91-24, are entered as reserved interest and presented as a deduction on "loans to clients". Such interest is taken into account under results at the time of actual encashment.

Interest that has accrued but is not yet due for loans classified as current assets (class A) or among assets requiring special monitoring (class B1) as defined in central bank of Tunisia circular n° 91-24 but which can reasonably be expected to be encashed are entered under results as it accrues, except for interest on loans handled in the framework of the central bank of Tunisia's relatively recent circular n°2011-04.

Reserving of proceeds on overdrawn current accounts is applied on the basis of freezing an account. Only agios on frozen accounts are reserved. An account is considered frozen if the sum of its net credit entries is less than the debit agios generated by the account. Agios on disputed claims in overdrawn current accounts that have been closed are not entered into accounting.



NOTES ON FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

2.1.4 Accounting for late interest

Late interest is recorded by STB when a client makes the payment or when consolidation of loans is implemented for a given client. However, following introduction in 2007 of new software to deal with disputed claims (IMX), a portion of late interest has been calculated, reserved and accounted for, in the amount of 478,311,000 dinars.

2.1.5 Provisions for commitments

i. Individual provisions

Mandatory provisions for client commitments have been determined in line with prudential norms of division, coverage of risk, and monitoring of commitments, as per central bank of Tunisia circular n° 91-24, as modified by central bank of Tunisia circulars n° 93-23 and n° 99-04, which stipulates category of risk and minimum rates of provision as follows.

• A	: Current assets	0%
• B1	: Assets that require special monitoring	0%
• B2	: Uncertain assets	20%
• B3	: Worrisome assets	50%
• B4	: Compromised assets	100%

The rate of provisioning by category of risk is applied to uncovered net risk (either the amount of the commitments less reserved agios and the value of guarantees obtained in the form of financial assets, mortgaged real estate) or State guarantee of banking and insurance guarantees. Provisions for loans or overdrawn accounts are entered as a deduction on the relevant line. Provisions for off balance sheet commitments are entered under «other liability lines».

ii. Collective provisions

In application of (new) article 10 bis of circular 91-24 of 17 December 1991, as modified by subsequent texts and notably circular 2012-20 of 6 December 2012, STB built up provisions of a general nature called collective provisions in order to cover latent risk on current commitments (class 0) and those requiring special monitoring (class 1), as defined in article 8 of central bank of Tunisia circular n°91-24. To determine the amount of this provision, the bank used the methodology prescribed in the note attached to circular 91-24, which provides for the following steps.

- Regrouping of commitments in classes 0 and 1 into standardized groups by sector of activity
- Calculating the average migration rate for each group, which corresponds to additional risks for the group in year "N" in relation to commitments 0 and 1 of the same group in year "N-1", this calculation made by eliminating commitments with a specific risk profile, i.e. the Ben Ali clan and public enterprises
- Determining the scaling factor by group of claims reflecting greater risk, for example calculation of the scaling factor, which takes into account the commitments of the Ben Ali clan and those of public enterprises since the latter were also affected by the exceptional conditions prevailing in 2011
- Estimating the provisioning rate to be applied by group of claims and determining the



NOTES ON FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

amount of collective provisions by multiplying the amount of commitments 0 and 1 by these three parameters

iii. Additional provisions

In application of circular to banks n° 2013-21 of 31 December 2013 pertaining to divisions, coverage of risk and monitoring of commitments, STB constituted additional provisions for assets that had been in class 4 for three or more years, in order to cover net risk and in line with the following minimum amounts :

- 40% for assets in class 4 for the last three to five years
- 70% for assets in class 4 for the last six or seven years
- 100% for assets in class 4 for the last eight or more years

Net risk is the value of an asset after deduction of:

- reserved agios
- State, insurance company and loan institution guarantees
- guarantees in the form of deposits or financial assets that can probably be liquidated without any loss of value
- provisions constituted in line with the terms of article 10 of circular to loan institutions n° 91-24

2.2. Entering the securities portfolio and related income into accounting

The securities portfolio held by the Bank is made up of two categories: investment portfolio and commercial securities portfolio.

2.2.1 Investment portfolio and related income

Are found in the investment portfolio:

- securities representing shares in the capital of companies, the sustainable possession of which is considered to be useful for the Bank's activity (e.g. long term holdings): equity securities, shares in associated companies and in related companies
- fixed income securities acquired by the Bank with a view to holding them until they fall due (investment securities, notably bond issues)
- securities representing financing shares subject to a retrocession agreement, but which are not yet definitively transferred
- funds managed by capital risk funds

Accounting rules for transactions involving these categories of securities can be summarised as follows.





NOTES ON FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

i. *Equity securities of a long-term nature*

Such securities are accounted for on the balance sheet at acquisition price, exclusive of costs and charges. Shares that have been subscribed to but not yet paid in are entered as off balance sheet commitments at their value when issued. Transactions to acquire or transfer equity securities are entered on either the date when ownership is transferred or the date when the transaction is recorded at the Tunis Stock Exchange. Gains on sale of such securities are entered on the line entitled «Allotments to provisions and result of correction of values on the investment portfolio». Dividends on securities held by the Bank are entered under results as soon as their distribution is officially approved.

ii. *Investment securities*

Income from fixed income securities (bonds) is entered under proceeds, spread out over the relevant period.

iii. *Securities representing equity financing*

Equity financing is considered to be an extension of mainline fundraising and gains resulting from the sale thereof is treated as interest, part of proceeds from banking activities. These gains are entered as proceeds all at once when sold, entered under the line entitled «income from the investment portfolio». Dividends on securities held by the Bank are taken into account when their distribution is officially approved. Unpaid amounts in capitalised interest (converted to capital stock) are transferred from claim accounts to share accounts. Related reserved agios are transferred to provisions for shares.

iv. *Provisions for shares*

Equity securities are assessed at their carrying value on the date of closing of accounts, leading to constitution of provisions to cover any losses of a durable nature. This value takes into account:

- the price posted on the stock exchange for listed stocks
- the mathematical value calculated on the basis of the last available balance sheet for shares in undertakings other than hotels
- the mathematical value calculated on the basis of the last available balance sheet, corrected in light of gains on fixed assets for holdings in hotel undertakings

Holdings in funds managed by capital risk funds that are carried out in the framework of retrocession agreements are assessed at their carrying value, taking into account prospects for recovery. Thus provisioning is made for shares with unpaid retrocession due dates, the face value of which does not cover the cost of acquisition.

2.2.2 Commercial securities portfolio and related income

The commercial securities portfolio held by the Bank is divided into two categories.

- Transaction securities: securities characterised by their liquidity, held for no more than three months (short-term treasury bonds)



NOTES ON FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

- Investment securities: securities acquired with the intention of holding them for a period of not more than one year

Income from these securities are entered under results in a manner spread out over the relevant period. The premium on investment securities (i.e. the difference between the cost of acquisition and the level of reimbursement) is spread out over the residual duration of the securities.

2.3. Accounting for client deposits and related charges

Interest charges on client deposits and assets are entered by category of deposit in the following manner.

- Interest on current accounts is posted on client accounts and entered in accounting on a quarterly basis. The dates of value used to calculate interest on client current accounts varies by nature of withdrawals or deposits made by the client, in line with circular n° 91-22.
- Interest on forward accounts is posted on client accounts as it falls due and is the object of subscription on each closing date.

2.4. Accounting for resources and related charges

Loans contracted by the Bank are entered on the balance sheet as drawings are made. Interest on loans is entered into accounting as charges as it is accrued. External borrowings contracted by the Bank that are covered by Tunis Re for any loss on exchange are entered on financial statements in Tunisian dinars converted on the basis of historic cost. Borrowings in foreign currency for which STB runs a risk on foreign currency exchange are revalued at closing dates at the rate in effect on those dates. Latent losses on exchange are entered under results.

2.5. Accounting for transactions labelled in foreign currency and for results of exchange

Transactions involving banknote exchange are entered into accounting on a daily basis at the rate in effect on the date of the transaction. The result of exchange in this case represents the difference between the buying price and the selling price on the day in question. Balance sheet lines labelled in foreign currency, including foreign exchange positions, are the object of revaluation of the fixed rate to the rate of exchange in effect on the closing date. The difference is entered on balance sheet line 38.391 Difference on conversion.

2.6. Fixed assets and depreciation

Fixed assets are entered into accounting at the cost of acquisition taking into account the percentage of recovery of VAT the previous year.

Fixed assets are depreciated in a linear manner. Depreciation rates applied by the Bank are listed below.





NOTES ON FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

-Buildings	2%
-Means of transport	20%
	10 %
-Furniture and office material	15%
	20% (*)
-Security, communications and air conditioning material	10%
	15%
-Computer equipment	33% (*)
-Computer software	33%
-Facilities, fixtures and fittings	10%

(*) rate applied for acquisitions starting 1 January 2008

However, as an exception to the accounting principle of historic cost, the Bank in 2000 revalued land and buildings, which led to a 37,324,000 dinar increase in net worth, entered under the heading «other equity».

2.7. Provisions for indemnities upon departure on retirement and other post-employment benefits

A provision for staff benefits is entered into accounting by the Bank to meet commitments corresponding to the current value of staff rights guaranteed by an official agreement to provide six months of salary at the time of departure on retirement. This is calculated using the retrospective method of projected units of credit (as per international accounting norm IAS 19 Staff benefits, which has no equivalent in Tunisia), which takes into account in particular the risk of mortality, projected wage increases, staff rotation and a financial actuarial rate.

An additional provision is also entered into accounting to cover the Bank's commitments to retired staff in the area of social security, using the same accounting method and based on projected life expectancy for the beneficiaries and annual charges for social security coverage.

3. EXPLANATORY NOTES RELATING TO LINES ON THE FINANCIAL STATEMENTS

Note 3.1 – Cash and assets at the central bank of Tunisia (BCT), the postal checks centre (CCP), and the Tunisian general treasury (TGT)

The balance of this line came to 193,975,000 TD as at 31 December 2014 vs. 144,052,000 TD as at 31 December 2013, broken down as follows.

Object of the adjustment	31Dec2014	31Dec2013
Cash	48 280	38 484
Central bank of Tunisia (BCT)	144 382	104 325
Postal check centre (CCP)	1 309	1 239
Tunisian general treasury (TGT) & Recovery of liquidity	4	4
Total	193 975	144 052

- Central bank of Tunisia (BCT) dinar accounts show outstanding items that are being cleared.



ANNUAL REPORT 2014

NOTES ON FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

- The following table summarises these outstanding items by length of time outstanding.

OUTSTANDING FOR	BCT DEBIT	STB DEBIT	BCT CREDIT	STB CREDIT
< three months	649 029 940	445 317 049	761 429 439	303 624 816
>three months	19 618 658	28 134 459	29 548 638	25 543 914
>six months	18 950 498	5 418 193	6 572 032	18 123 491
>one year	44 116 809	47 959 217	42 206 401	40 980 957
TOTAL	731 715 906	526 828 918	839 756 510	388 273 178

- «BCT» foreign currency accounts show outstanding items being cleared. These outstanding items are summarised by foreign currency and by length of time outstanding.

CURRENCY OUTSTANDING						LC & NC			LD & ND	
		LC	LD	NC	ND	BCT	BCT	COURS	BCT IN DT	BCT IN DT
AED	<three months	50 100	233 300	172	172	50 272	233 472	0,506	25 452	118 205
	>three months	0	0	0	0	0	0	0,506	0	0
	>six months	0	0	0	0	0	0	0,506	0	0
	>one year	0	191	21 350	52 950	21 350	53 141	0,506	10 809	26 905
		50 100	233 491	21 522	53 122	71 622	286 613		36 262	145 109
CAD	<three months	56	14 500	47	480	103	14 980	1,603	166	24 013
	>three months	0	198	0	198	0	396	1,603	0	634
	>six months	18 793	0	0	18 036	18 793	18 036	1,603	30 125	28 912
	>one year	72 011	22 696	30 456	19 420	102 466	42 116	1,603	164 253	67 513
		90 860	37 394	30 503	38 134	121 362	75 528		194 544	121 072
CHF	<three months	35 270	0	38 296	38 646	73 567	38 646	1,877	138 067	72 530
	>three months	0	0	0	99 185	0	99 185	1,877	0	186 147
	>six months	0	0	4 000	0	0	0	1,877	7 507	0
	>one year	117	25	49 657	600	49 774	625	1,877	93 414	1 172
		35 387	25	91 954	138 431	123 341	138 456		238 988	259 848
DKK	<three months	0	0	0	260	0	260	0,303	0	79
	>three months	828	0	0	828	828	828	0,303	251	251
	>six months	0	0	0	0	0	0	0,303	0	0
	>one year	0	101	0	0	0	101	0,303	0	31
		828	101	0	1 088	828	1 189		251	360
DZD	<three months	0	0	0	0	0	0	0,021	0	0
	>three months	0	0	0	20 000	0	20 000	0,021	0	423
	>six months	0	0	4 000	0	4 000	0	0,021	0	0
	>one year	0	0	0	440 720	0	440 720	0,021	0	9 312
		0	0	4 000	460 720	4 000	460 720		0	9 735
EURO	<three months	4 112 044	1 758 971	23 021 742	2 731 591	27 133 786	4 490 563	2,262	61 382 050	10 158 551
	>three months	442 892	20 901	26 336 782	100 016	26 779 674	120 917	2,262	60 580 979	273 537
	>six months	239 333	532 951	431 236	200 313	670 569	733 264	2,262	1 516 962	1 658 790
	>one year	102 531 885 115	037 155	48 863 441	29 369 322	151 395 327	144 406 477	2,262	342 486 508	326 676 333
		107 326 154 117	349 978	98 653 202	32 401 242	205 979 356 149	751 220		465 966 499	338 767 211
GBP	<three months	53 273	0	29 821	10 212	83 094	10 212	2,897	240 724	29 584
	>three months	0	0	0	25 000	0	25 000	2,897	0	72 425
	>six months	96	0	15	1 008	111	1 008	2,897	322	2 920
	>one year	878 839	90 889	87 461	54 978	966 300	145 867	2,897	2 799 371	422 576
		932 209	90 889	117 297	91 197	1 049 505	182 087		3 040 417	527 505
	<three months	100 000	0	0	157 476	100 000	157 476	0,016	1 555	2 449
	>three months	0	0	0	0	0	0	0,016	0	0



NOTES ON FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014



JPY	>six months	0	1	0	0	0	1	0,016	0	0
	>one year	2 574 423	0	0	0	2 574 423	0	0,016	40 037	0
		2 674 423	1	0	157 476	2 674 423	157 477		41 592	2 449
KWD	<three months	0	0	0	0	0	0	6,346	0	0
	>three months	0	0	0	0	0	0	6,346	0	0
	>six months	0	0	0	0	0	0	6,346	0	0
	>one year	0	0	0	0	0	0	6,346	0	0
		0	0	0	0	0	0		0	0
LYD	<three months	0	0	0	0	0	0	1,553	0	0
	>three months	0	0	0	0	0	0	1,553	0	0
	>six months	0	0	0	0	0	0	1,553	0	0
	>one year	0	0	0	0	0	0	1,553	0	0
		0	0	0	0	0	0		0	0
MAD	<three months	15 300	0	0	0	15 300	0	0,206	3 155	0
	>three months	0	0	539 360	0	539 360	0	0,206	111 216	0
	>six months	0	0	0	0	0	0	0,206	0	0
	>one year	0	0	612	0	612	0	0,206	126	0
		15 300	0	539 972	0	555 272	0		114 497	0
MRO	<three months	0	0	0	0	0	0	0,006	0	0
	>three months	0	0	0	0	0	0	0,006	0	0
	>six months	0	0	0	0	0	0	0,006	0	0
	>one year	0	0	0	0	0	0	0,006	0	0
		0	0	0	0	0	0		0	0
NOK	<three months	0	0	66 282	66 357	66 282	66 357	0,250	16 538	16 557
	>three months	0	0	0	0	0	0	0,250	0	0
	>six months	473	0	0	0	474	0	0,250	118	0
	>one year	0	142 300	97	425	97	142 725	0,250	24	35 611
		473	142 300	66 380	66 782	66 853	209 083		16 680	52 168
QAR	<three months	0	0	58 561	58 561	58 561	58 561	0,511	29 902	29 902
	>three months	0	0	0	0	0	0	0,511	0	0
	>six months	0	0	0	0	0	0	0,511	0	0
	>one year	0	0	19 556	0	19 556	0	0,511	9 986	0
		0	0	78 117	58 561	78 117	58 561		39 888	29 902
SAR	<three months	0	0	337 500	0	337 500	0	0,496	167 258	0
	>three months	0	0	0	0	0	0	0,496	0	0
	>six months	0	0	0	0	0	0	0,496	0	0
	>one year	3 500	0	0	0	3 500	0	0,496	1 735	0
		3 500	0	337 500	0	341 000	0		168 993	0
SEK	<three months	0	0	245 400	245 800	245 400	245 800	0,240	58 960	59 056
	>three months	0	0	91	0	91	0	0,240	22	0
	>six months	0	0	14	0	14	0	0,240	3	0
	>one year	312	0	45 474	0	45 787	0	0,240	11 001	0
		312	0	290 978	245 800	291 291	245 800		69 986	59 056
USD	<three months	5 001 030	815 636	729 816	16 858 916	5 730 846	17 674 552	1,861	10 666 251	32 895 875
	>three months	281 738	5 935	113 825	57 525	395 563	63 460	1,861	736 222	118 112
	>six months	9 772 025	9 201 671	392 470	87 233	10 164 495	9 288 903	1,861	18 918 157	17 288 507
	>one year	28 647 568	46 199 779	23 318 932	32 997 056	51 966 500	79 196 835	1,861	96 720 050	147 401 150
		43 702 360	56 223 020	24 555 044	50 000 730	68 257 404	106 223 750		127 040 681	197 703 644

NOTES ON FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

Note 3.2 – Claims on banking and financial institutions

The balance of this line came to 139,740,000 TD as at 31 December 2014 compared to 235,276,000 TD as at 31 December 2013, broken down as follows.

Description	31Dec2014	31Dec2013
Claims on banking institutions	132 144	223 119
- Resident bank current accounts	2	2
- Non-resident bank current accounts	17 978	41 849
- Loans on the money market in dinars	70 000	70 000
- Loans on the money market in foreign currency	39 735	107 355
- Interest to be paid on loans	20	10
- Receivables from related entities	4 409	3 903
Financial institutions	7 596	12 157
- Medium & long term loans	7 405	12 105
- Receivables from related entities (leasing company)	191	52
Total	139 740	235 276

- Overdrawn correspondent accounts are entered net of creditor corresponding accounts payable by currency.
- Corresponding accounts show outstanding items that are being cleared. The following table summarises these outstanding items by currency and by how long they have been outstanding.

OUTSTANDING FOR	CURRENCY	CORRES DEBIT	CORRES CREDIT	STB DEBIT	STB CREDIT	STB DEBIT +CORRES DEBIT FC	STB CREDIT +CORRES CREDIT FC	RATE	STB DEBIT +CORRES DEBIT TD	STB CREDIT +CORRES CREDIT TD
> 3 months < 6 months	DZD	731	0	0	0	731	0	0,0210	15	0
> 3 months < 6 months	GBP	692	28 398	28 398	210	29 090	28 608	2,8970	84 275	82 879
> 3 months < 6 months	JPY	135 487	0	0	30 000	135 487	30 000	0,0160	2 168	480
> 3 months < 6 months	KWD	21	0	0	0	21	0	6,3460	133	0
> 3 months < 6 months	LYD	0	0	0	0	0	0	1,5530	0	0
> 3 months < 6 months	NOK	1 375	104	0	0	1 375	104	0,2500	344	26
> 3 months < 6 months	SAR	342 572	0	0	4 500	342 572	4 500	0,4960	169 916	2 232
> 3 months < 6 months	SEK	3 245	22	0	60	3 245	82	0,2400	779	20
									257 629	85 636
> 6 months < 12 months	DZD	1 462	0	0	0	1 462	0	0,0210	31	0
> 6 months < 12 months	GBP	150 644	144 168	3 023	9 128	153 667	153 297	2,8970	445 173	444 100
> 6 months < 12 months	JPY	120 309	0	10 000	50 000	130 309	50 000	0,0160	2 085	800
> 6 months < 12 months	KWD	9	0	0	0	9	0	6,3460	60	0
> 6 months < 12 months	LYD	0	0	0	0	0	0	1,5530	0	0
> 6 months < 12 months	NOK	4 700	10 174	10 000	0	14 700	10 174	0,2500	3 675	2 543
> 6 months < 12 months	SAR	2 136	0	0	0	2 136	0	0,4960	1 059	0
> 6 months < 12 months	SEK	28 385	94	0	100	28 385	194	0,2400	6 812	47
									458 895	447 490
> 12 months	DZD	286 897	12 299 875	4 200	2 606 463	291 097	14 906 337	0,0210	6 113	313 033
> 12 months	GBP	460 991	955 564	1 767 675	512 021	2 228 667	1 467 585	2,8970	6 456 448	4 251 594
> 12 months	JPY	2 199 769	16 450	39 373	97 892	2 239 142	114 342	0,0160	35 826	1 829
> 12 months	KWD	23	0	0	3 017	23	3 017	6,3460	148	19 144
> 12 months	LYD	350 021	437 176	839 111	675 138	1 189 131	1 112 315	1,5530	1 846 721	1 727 425
> 12 months	NOK	1 000	780	21 544	1 883	22 544	2 663	0,2500	5 636	666
> 12 months	SAR	19 316	2 910	14 026	10 137	33 342	13 047	0,4960	16 537	6 471
> 12 months	SEK	890	42 545	57 327	4 130	58 217	46 675	0,2400	13 972	11 202
> 12 months	MRO	0	300 165	0	5 421 190	0	5 721 355	0,0060	0	34 328
									8 381 401	6 365 692
> 3 months < 6 months	CAD	11 384	810	16 722	16 362	28 106	17 172	1,6030	45 054	27 527
> 3 months < 6 months	CHF	7 267	99 246	0	3 413	7 267	102 659	1,8770	13 641	192 691
> 3 months < 6 months	USD	1 510 993	1 591 886	728 663	515 034	2 239 655	2 106 920	1,8610	4 167 998	3 920 979



SOCIÉTÉ TUNISIENNE DE BANQUE

NOTES ON FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

> 3 months < 6 months	DKK	2 306	0	0	0	2 306	0	0,3030	699	0
> 3 months < 6 months	MAD	470 834	1 214	1 450	355 060	472 284	356 274	0,2060	97 291	73 392
> 3 months < 6 months	AED	455	449	0	0	455	449	0,5060	230	227
									4 324 913	4 214 816
> 6 months < 12 months	CAD	10 131	320	5 169	3 924	15 300	4 244	1,6030	24 526	6 802
> 6 months < 12 months	CHF	4 175	1 236	1 665	96	5 840	1 332	1,8770	10 962	2 501
> 6 months < 12 months	USD	945 322	407 227	230 306	674 768	1 175 628	1 081 995	1,8610	2 187 843	2 013 592
> 6 months < 12 months	AED	3 382	0	0	0	3 382	0	0,5060	1 711	0
> 6 months < 12 months	DKK	1 067	0	0	0	1 067	0	0,3030	323	0
> 6 months < 12 months	MAD	132 328	26 630	225	491 919	132 553	518 549	0,2060	27 306	106 821
									2 252 671	2 129 716
> 12 months	CAD	577 218	418 585	1 182 196	1 489 594	1 759 414	1 908 179	1,6030	2 820 340	3 058 811
> 12 months	CHF	56 528	191 434	583 281	443 547	639 808	634 982	1,8770	1 200 920	1 191 860
> 12 months	USD	54 934 177	71 079 900	45 647 250	46 742 836	100 581 426	117 822 736	1,8610	187 182 035	219 268 112
> 12 months	AED	3 398	25	5	48 145	3 403	48 170	0,5060	1 722	24 374
> 12 months	DKK	1 660	8 483	13 552	895	15 212	9 378	0,3030	4 609	2 842
> 12 months	MAD	178 593	148 654	9 595	310 047	188 188	458 701	0,2060	38 767	94 492
									191 248 393	223 640 491

The application for managing loans in foreign currency does not allow for retracing all the transactions carried out by the Bank.

Note 3.3 – Claims on clients

Comparative trends in net commitments between 2013 and 2014 are shown below.

Description	in thousand Tunisian dinars	
	31Dec2014	31Dec2013
- Overdrawn current accounts	815 968	782 856
- Loans from special resources	268 786	260 806
- Claims assumed by the State	52 814	66 294
- Subsidy assumed by the State	15 913	19 817
- Associated current accounts	201 505	202 921
- Other loans to clients	6 573 554	6 303 812
- Claims to be abandoned	3 562	3 562
- Receivables from related entities	47 585	41 640
Gross total	7 979 688	7 681 708
Provisions	1 313 955	1 241 644
- Provisions for current accounts	220 271	216 372
- Provisions for special resources	141 022	142 418
- Provisions for other loans to clients	835 995	769 116
- Provisions for associated current accounts	60 459	59 355
- Provisions for claims to be abandoned	455	455
- Collective provisions	55 753	53 928
- Reserved agios	1 043 829	961 427
- Reserved agios for current accounts	67 279	55 833
- Reserved agios for other loans to clients	827 626	760 257
- Reserved agios for associated current accounts	39 264	37 061
- Reserved agios for special resources	97 329	97 329
- Reserved agios for claims to be abandoned	3 107	3 107
- Reserved agios for receivables from related entities	9 224	7 840
- Proceeds paid in advance	11 083	9 511
Net total	5 610 820	5 469 127

NOTES ON FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

The structure of the net outstanding balance of claims on clients as at 31 December 2014 is given in the table below.

Description	Gross				Proceeds		Net out standing balance
	outstanding balance	Individual provisions	Additional Provisions	Reserved Agios	paid in advance		
Overdrawn current accounts	815 968	-176 839	-43 432	-67 279			528 418
Special resource accounts	268 787	-54 440	-86 582	-97 329			30 436
Associated current accounts	201 505	-46 191	-14 267	-39 264			101 783
Other loans to clients	6 642 281	-451 381	-384 614	-827 626	-11 083		4 967 575
Claims to be abandoned	3 562	-455		-3 107			0
Receivables from related entities	47 585			-9 224			38 362
Total	7 979 688	-729 307	-528 895	-1 043 829	-11 083		5 666 574
Collective provisions							-55 753
Net outstanding balance							5 610 820

The Bank's information system does not provide for traceability, cross-checking or monitoring of the balances of «proceeds paid in advance» lines relating to loans to clients. But adjustments are made to estimate these balances at the end of the period, on the basis of non-accounting information pertaining to the portfolio.

Reserved agios

Reserved agios accounts as at 31 December 2014 can be broken down as follows.

Description	in thousand TD	
	31 Dec 2014	31 Dec 2013
Reserved agios for current accounts	67 279	55 833
Reserved agios for endorsement and security deposits	6 923	7 451
Reserved agios for interest on ordinary medium term loans	152 603	137 086
Reserved agios for interest on consolidated medium term loans	186 337	174 566
Reserved agios for State-guaranteed loans	3 453	3 731
Reserved agios for special resources	97 329	97 329
Reserved agios for associated current accounts	39 264	37 061
Late interest reserved for disputed claims	478 311	437 423
Reserved agios / claims to be abandoned	3 107	3 107
Reserved agios on receivables from related entities	9 224	7 840
Subtotal	1 043 829	961 427
Reserved agios for State-assumed claims	8 411	9 253
Total	1 052 240	970 680

Since start-up in 2007 of the new software dealing with disputed claims (« IMX »), a portion of late interest has been calculated, reserved and accounted for in the amount of 478,311,000 dinars.

This default interest on disputed receivables concerns only a portion of disputed claims managed by this new software, which is calculated and entered into accounting automatically by the system.

Reserved agios on associated current accounts are entered into accounting partly under reserved agios for associated current accounts and partly under reserved agios for other commitments.



NOTES ON FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014



Provisions accounts posted the following movements in 2014.

in thousand Tunisian dinars

Description	Amount
BALANCE AS AT 31 December 2013	1 607 459
ALLOTMENTS TO PROVISIONS FOR COMMITMENTS	52 573
ALLOTMENTS TO ADDITIONAL PROVISIONS FOR COMMITMENTS	62 882
ALLOTMENTS TO PROVISIONS FOR SECURITIES	19 986
ALLOTMENTS TO PROVISIONS FOR RISK AND CHARGES	4 694
RECOVERY OF PROVISIONS FOR COMMITMENTS	-38 793
RECOVERY OF ADDITIONAL PROVISIONS FOR COMMITMENTS	-7 837
RECOVERY OF PROVISIONS FOR SECURITIES	-2 628
RECOVERY OF PROVISIONS FOR RISK AND CHARGES	-729
BALANCE AS AT 31 December 2014	1 697 607

Note 3.3.1 – Guarantees

The guarantees retained by the Bank to determine provisions for commitments are used in certain cases when there are no legal documents justifying them: certificates of ownership, certification from Tunisia's tourism real estate agency AFT, Tunisia's industrial land agency AFI...

Note 3.3.2 – Additional provisions

In application of the terms of central bank of Tunisia n°2013-21 of 30 December 2013, STB constituted by taking from 2014 results net additional provisions for commitments in class 4 that have been outstanding for three or more years, in the amount of 55,045,000 Tunisian dinars.

Thus for the year ending 31 December 2014, the balance of additional provisions came to 541,779,000 Tunisian dinars.

Note 3.3.3 – Collective provisions

In application of (new) article 10 bis of circular 91-24 of 17 December 1991 as modified by subsequent texts, notably circular 2012-20 of 6 December 2012, STB constituted provisions of a general character entitled «collective provisions», with a view to covering latent risk on current commitments (class 0) and those requiring special monitoring (class 1) in the sense of article 8 of central bank of Tunisia circular n°91-24. Collective provisions, determined in line with the referential methodology annexed to circular 91-24, was estimated at 55,753,000 dinars at the end of 2014. This can be broken down as follows.

ACTIVITY	CLASSES 0&1 DEC2014	AVERAGE MIG RATE 2009/2013	SCALING FACTOR 2013/2014	CORRECTED RATE OF PROVISIONING	COLLECTIVE PROVISIONS DEC2014
AGRICULTURE	44 994 806	10.65%	1.36	20%	1 305 158
OTHER INDUSTRIES	8 598 692	23.23%	1.00	25%	499 454
OTHER SERVICES	651 867 019	2.26%	1.00	25%	3 677 172
CONSTRUCTION & PUBLIC WORKS	331 039 888	2.56%	1.00	20%	1 697 200
COMMERCE	629 150 253	3.29%	1.00	25%	5 176 924
MANUFACTURING INDUSTRIES	1 296 714 915	4.17%	1.65	25%	22 279 226
REAL ESTATE PROMOTION	210 448 465	5.40%	2.98	15%	5 080 728
TOURISM	299 316 511	19.64%	1.00	20%	11 759 210
OTHER	45 328 518	2.61%	2.07	46%	1 126 176
CONSUMPTION	1 240 499 323	0.72%	1.41	20%	2 511 903
HOUSING	268 610 913	1.89%	1.26	10%	639 576
Total					55 752 728



NOTES ON FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

Note 3.3.4 – Consolidated claims and State assumption free of interest

Claims assumed by the State include :

- those of public enterprises assumed by the State in the framework of legislation enabling the 1999 budget, the outstanding balance of which totals 48,160,000 dinars, these claims being consolidated over a period of 20-25 years at no interest and with a State guarantee
- the claims of ELFOULEDH (foundry), assumed by the State in the framework of legislation enabling the 2013 budget, the outstanding balance of which comes to 8,924,000 dinars

Note 3.4 – The commercial securities portfolio

The balance of this line came to 395,173,000 Tunisian dinars as at 31 December 2014, compared to 215,475,000 Tunisian dinars as at 31 December 2013. The commercial securities portfolio is made up of fixed income securities issued by the State and variable rate securities.

Description	31 Dec 2014	31 Dec 2013
Short term treasury bonds	118 023	73 002
Bonds equivalent to treasury bonds	274 462	143 872
Claims and debts of related entities	5 572	1 066
Depreciation of bonds equivalent to treasury bonds	0	0
Interest paid in advance	- 2 884	-2 465
Total	395 173	215 475

Note 3.5 – Investment portfolio

The value of the investment portfolio increased from 274,583,000 Tunisian dinars as at 31 December 2013 to 312,560,000 Tunisian dinars as at 31 December 2014, broken down as follows.

Description	31 Dec 2014	31 Dec 2013
- Investment securities	97 604	33 697
- Capital risk managed funds	87 344	96 574
- Mutual investment funds	22 640	22 600
- Equity securities	88 636	87 679
- Shares in associated & co-companies	88 783	89 122
- Shares in related companies	123 559	123 559
- Companies being liquidated	582	582
- Re-conveyed shares	20 657	20 657
- Claims & debts of related entities	-332	-332
Gross value	529 473	474 138
Provisions	216 913	199 555
Net value	312 560	274 583

Movements by category of securities in the investment portfolio are given in the following table.

in thousand TD

Description	Accounting value	Provisions as at 31Dec2013	Allotments	Recovery	Provisions as at 31Dec2014
Investment securities	97 604	-650			-650
Capital risk funds	87 344	-42 981	-3 296	1 043	-45 233



SOCIETE TUNISIENNE DE BANQUE

NOTES ON FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

Equity securities	344 857	-155 924	-16 691	1 585	-170 030
Claims of related entities	-322	-	-	-	-
Total	529 473	-199 555	-19 987	2 628	-216 913

The following is a list of the main affiliated companies as at 31 December 2014.

Affiliates	Share of capital held by STB	Gross accounting value	Provision	Net accounting value
in thousand TD				
FINANCIAL SECTOR				
Tunisian claims collection company STRC	91.4%	33 801	33 801	0
STB SICAR (capital risk fund)	55.8%	10 905	0	10 905
STB INVEST	94.4%	34 676		34 676
STB-FINANCE (ex-SOFIGES)	61.3%	4 749		4 749
BFT (Franco-Tunisian Bank)	78.2%	3 535	3 535	0
TOURISM				
SKANES PALACE INTERNATIONAL	99.8%	6 180	6 180	
AFRICA SOUSSE	96.9%	9 050	9 050	
ED-DKHILA	61.2%	3 221		
DOWNTOWN HOTELS COMPANY	70.3%	2 488	2 488	
CONSTRUCTION				
IMMOBILIERE DE L'AVENUE	84.7%	7 461		7 461
SERVICES				
STE LA GENERALE DE VENTE	50.0%	2 000	1 321	679

The investment portfolio includes funds managed by STB SICAR (capital risk) worth 87,344,000 TD, with provisions of 45,233,000 TD. The balance of these managed funds is listed in the following table.

Managed funds (FG)	Initial funding	Prior reimbursement	Funds returned	Capitalised results	Balance as at 31Dec2014
FG STB 1	8 000	1 970		-1 123	4 907
FG STB 2	8 000	4 083		1 602	5 519
FG STB 3	5 000	1 610		1 132	4 522
FG STB 4	6 500	1 722		1 469	6 247
FG STB 5	6 824	2 158		1 919	6 585
FG STB 6	2 707	724		304	2 287
FG STB 7	800			115	915
FG STB 8	9 371		850	2 406	10 927
FG STB 9	4 800			391	5 191
FG STB 10	8 748			776	9 524
FG STB 11	6 000			623	6 623
FG STB 12	9 898			1 260	11 158
FG STB 13	10 000		10 000	0	0
FG ID 1	2 000	1 630		892	1 262
FG ID 2	2 000	957		234	1 277
FG ID 3	5 436	2 834		1 257	3 859
FG ID 4	360	28		30	362
FG ID 5	1 133			284	1 417
FG ID 6	4 000			762	4 762
Total	101 577	17 716	10 850	14 333	87 344

NOTES ON FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

The following table gives the status of uses for these managed funds as at 31 December 2014.

Managed funds	Equity securities	Direct holdings	in thousand TD
	to be re-conveyed		Variable rate mutual fund securities
Managed funds STB 1 (1999)	2 216	2 094	264
Managed funds STB 2 (2000)	4 875	299	525
Managed funds STB 3 (2001)	2 528	1 000	763
Managed funds STB 4 (2002)	6 745		770
Managed funds STB 5 (2003)	6 352	231	1 173
Managed funds STB 6 (2005)	2 810	79	785
Managed funds STB 7 (2006)	405	390	299
Managed funds STB 8 (2007)	7 425	382	6 723
Managed funds STB 9 (2008)	4 800		1 083
Managed funds STB 10 (2008)	8 556		980
Managed funds STB 11 (2009)	5 447	83	992
Managed funds STB 12 (2009)	6 424	1 526	2 289
Managed funds STB 13 (2010)			0
MF 1 ID SICAR (2002)	1 289		32
MF 2 ID SICAR (2002)	1 639		20
MF 3 ID SICAR (2003)	3 874	140	67
MF 4 ID SICAR (2005)	358		10
MF 5 ID SICAR (2006)	951		466
MF 6 ID SICAR (2007)	3 003		1 827

Note 3.6 – Fixed assets

Net fixed assets amounted to 84,084,000 TD as at 31 December 2014. Movements recorded in 2013 are also listed below.

Description	Gross value as at 31Dec2013	Acquisition /Sale 2014	Gross value as at 31Dec2014	Depreciation as at 31Dec2013	Allotment/Regularisation 2014	Disposal depreciation assets 2014	Depreciation as at 31Dec2014	Net value as at 31Dec2014
Intangible fixed assets	12 069	1 089	13 158	9 375	1 761	0	11 136	2 024
Computer software	12 012	1 089	13 101	9 372	1 761		11 133	1 967
Right to lease 57	0	57	0			0	57	
Cost of studies & development	0	0	0	0	0	0	0	0
Tangible fixed assets	189 075	5 833	194 908	108 311	4 585	0	112 897	82 061
Land 17 773	0	17 773					17 773	
Buildings 71 296	0	71 296	26 681	1 498		28 179	43 581	
Office furniture 5 025	185	5 210	4 782	101		4 883	326	
Means of transport	1 161	0	1 161	809	56	0	865	297
Computer equipment	31 303	451	31 754	30 564	981	0	31 544	210
Communication equipment	1 931	990	2 921	1 692	109		1 801	1 120
Office equipment 15 089	459	15 548	14 568	271		14 839	709	
Security equipment	2 735	63	2 798	2 103	111		2 214	585
Air conditioning equipment	4 886	51	4 937	3 872	235		4 107	823
Facilities fixtures & fittings	29 008	4 753	33 811	21 266	1 081		22 346	11 465
Unused office furniture	32	0	32	27	2		29	3
Unused tools 320	4	324	286	6		294	29	
Unused buildings 6 860	0	6 860	1 663	124		1 787	5 073	
Construction under way	1 658	-1 127	531	0			0	67
Buildings awaiting assignment	0	0	0	0	0	0	0	0
TOTAL	201 144	6 922	208 116	117 686	6 346	0	124 032	84 084



SOCIETE TUNISIENNE DE BANQUE



NOTES ON FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

No physical inventory of fixed assets was carried out in 2014 and the Bank has no database detailing the fixed assets it has entered into accounting by nature of fixed asset and by reference.

Note 3.7 – Other assets

As at 31 December 2014, the « other assets » lines came to a total of 604,452,000 Tunisian dinars vs. 593,203,000 TD as at 31 December 2013, broken down as follows.

Description	31Dec2014	31Dec2013
- Loans to staff	124 750	117 075
- Medical expenses to be recovered	3 147	3 124
- State, taxes & levies	28 705	43 473
- Miscellaneous stock	2 000	1 370
- Difference on exchange assumed by the State	10 031	5 613
- Difference on conversion	4 984	13 784
- Head office, branches & subsidiaries (1)	33 296	59 982
- Asset regularisation accounts	250 830	243 004
- Values presented for compensation	42 517	33 948
- Financial instruments entered as revenue	107	107
- Debits to be regularised	11 037	4 192
- Charges paid in advance	469	420
- Proceeds to be received	10 210	6 537
- Transferred claims	2 136	2 136
- Other	80 233	58 438
TOTAL	604 452	593 203

(1) Unidentified net debit items that remain outstanding and that pertain to inter-head-quarters are provisioned in the amount of 6,358,000. This amount has been determined by applying a provisioning rate of 100% for all items outstanding since before 2014, 50% for items outstanding since the first half of 2014 and 20% for items outstanding since the third quarter of 2014.

Note 3.8 – Banking and financial institution deposits and assets

As at 31 December 2014, this line came to a total of 234,521,000 TD, compared to 188,226,000 TD as at 31 December 2013. Breakdown by category of banking and financial institution is given below.

Description	31Dec2014	31Dec2013
Banking institutions	25 212	53 339
- Deposit banks	1	226
- Non-resident banks	25 211	53 113
Interbank borrowing	209 309	134 887
Total	234 521	188 226

- Credit correspondent accounts are presented cleared net of debit correspondent accounts, by currency.
- Correspondent accounts show outstanding items that are being cleared. The following table shows these outstanding items by currency and by how long they have been outstanding.



NOTES ON FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

OUTSTANDING FOR	CURRENCY	CORRES DEBIT	CORRES CREDIT	STB DEBIT	STB CREDIT	DEBIT STB +DEBIT CORRES DEV	CREDIT STB +CREDIT CORRES DEV	COURS	STB DEBIT+ CORRES TD	STB CREDIT +CORRES CREDIT TD
> 3 months < 6 months	EUR	2 074 186	1 070 482	983 166	835 286	3 057 352	1 905 768	2.2620	6 915 731	4 310 848
> 6 months <12 months	EUR	2 504 155	3 224 013	1 717 549	2 148 763	4 221 704	5 372 775	2.2620	9 549 494	12 153 217
<12 months	EUR	27 160 704	47 859 141	101 497 334	71 286 970	128 658 038	119 146 111	2.2620	291 024 483	269 508 503
									307 489 707	285 972 569

Note 3.9 – Client deposits and assets

The balance of this heading came to 5,331,978,000 TD as at 31 December 2014 compared to 5,175,396,000 TD as at 31 December 2013. Deposits are broken down in the table below.

Description	31Dec2014	31Dec2013
Sight deposits	1 393 204	1 301 545
Savings deposits	2 115 958	2 075 450
Forward accounts	508 343	439 016
Convertible dinar accounts	77 875	71 453
Accounts in foreign currency	285 282	285 166
Investments in foreign currency	232 399	216 762
Cash vouchers	326 652	326 342
Other sums due to clients	182 760	143 758
Debts of related entities	-1 252	1 435
Certificates of deposit	210 757	314 469
Total	5 331 978	5 175 396

Applications used to manage client investments in foreign currencies and in dinars does not allow for tracing of all the transactions carried out by the Bank.

Note 3.10 – Borrowings and special resources

The balance of this line came to 490,968,000 TD as at 31 December 2014, compared to 519,003,000 TD as at 31 December 2013, broken down as follows.

Description	31Dec2014	31Dec2013
Bond private borrowings	274 066	307 788
Special resources	201 098	195 219
Debts of related entities	15 804	15 996
Total	490 968	519 003

Note 3.11 – Other liabilities

This line amounted to 791,969,000 TD as at 31 December 2014, compared to 702,085,000 TD as at 31 December 2013.

Description	31Dec2014	31Dec2013
Provisions for liabilities & charges (1)	168 564	166 260
State, taxes, levies & social security liability (2)	21 063	20 162
Financial paper that has not yet fallen due (3)	206 462	200 784
Reserved agios assumed by the State	8 411	9 253
Charges to be paid	32 524	33 467
Miscellaneous creditors	2 385	2 830
Outstanding items to be settled	5 915	5 915





NOTES ON FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

Headquarters, branches and agencies	62	5 442
Adjustment accounts – liabilities	96 499	91 487
Items to be electronically cleared, being settled	226 138	113 412
Other loans	348	348
Loans to be regularised	908	3 891
Interest to be recovered from special resources	13 719	13 719
Difference portfolio encashment due after encashment (4)	8 971	35 115
Total	791 969	702 085

(1) Provisions for liabilities and charges constituted by the Bank at the end of 2014 amounted to 168,564,000 TD, compared to 166,260,000 TD at the end of the previous year. Provisions cover risks on off balance sheet components as well as miscellaneous risk, broken down as follows.

Description	Provisions 31Dec2013	Recovery	Allotments	Accounting modifications	Reassignment and correction	Provisions 31Dec2014
Provisions for E/S	38 305	-2 256	2 018		- 1 423	36 643
Provisions for departure on retirement	26 464					26 464
Provisions for miscellaneous risk	101 491	-729	4 694			105 457
Total	166 260	-2 985	6 712		-1 423	168 564

(2) This heading can be broken down as follows.

Heading	in thousand TD	
	31Dec2014	31Dec2013
VAT	1 799	1 631
Withholding	9 798	9 027
Foreign exchange adjustment fund	6 795	6 818
Other	2 671	2 686
Total	21 063	20 162

(3) This heading can be broken down as follows.

Heading	in thousand TD	
	31Dec2014	31Dec2013
Medium term financial instruments that have not yet fallen due	72 466	69 854
Short term financial instruments that have not yet fallen due	103 773	102 428
Financial instruments on medium term interest that has not yet fallen due	29 676	27 940
Financial instruments that have not yet fallen due received from clearing	547	562
Total	206 462	200 784

(4) The heading « portfolio encashment due after encashment » posted a balance of 8,971,000 TD. This balance is the result of clearing between various asset and liability accounts relating to values to be encashed and values due after encashment.

The breakdown of this heading is found below.

Description	Amount
Value upon encashment	172 657
Values due after encashment	-181 628
Total	-8 971



NOTES ON FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

Note 3.12 – Equity capital

Upon closing, equity amounted to 124,300,000 TD. This is made up of 24,860,000 shares with a face value of five dinars, entirely paid in. Movements on the Bank's equity capital can be broken down as follows.

Description	Balance prior to assignment 31Dec2013	Assignment of results 2013	Balance after assignment as at 31Dec2013	Other assignments	Balance as at 31Dec2014
Capital	124 300		124 300	-	124 300
Reserves	332 508		332 508	496	333 004
Merger premium	26 787		26 787	-	26 787
Treasury shares	-2 859		-2 859	-	-2 859
Other equity (1)	37 324		37 324	-	37 324
State allotment	117 000		117 000	-	117 000
Results carried forward	-633 430	-115 453	-748 883		-748 883
Result carried forward	-230 209	-518 674	-748 883	-	-748 883
Accounting modifications	-403 221	403 221	-	-	0
Results for the year	-115 453	115 453	-	21 107	21 107
Total	-113 823	-	-113 823	21 603	-92 220

(1) These are revaluing reserves for an amount of 37,324,000 TD (land: 15,328,000 TD and operating properties: 21,996,000 TD).

Note 3.12.1 – State allotment

In virtue of law n°2012-17 of 17 September 2012, STB has entered under equity a State allotment in the amount of 117 million dinars, raising the possibility of a return to financial balance for the Bank.

STB benefitted from this allotment thanks to activation of the State guarantee to reimburse amounts due under the following external lines of credit.

Line	Outstanding balance 2011	Outstanding balance 2010	Instalments paid in 2011		Instalments to be paid 2012-2014		State guarantee	
			Principal	Interest	Principal	Interest	Principal	Interest
EIB loan P.G.E.T.II/ Economic Development Bank of Tunisia	15 498	17 801	2 303	961	7 715	2 072	10 018	3 033
ADB loan 6/former Economic Development Bank of Tunisia	18	35 900	17 950	648	17 950	643	35 900	1 291
GSI loan / former Economic Development Bank of Tunisia	95 624	95 624	-	4 542	-	13 626	-	18 169
ADB 7 th line of credit Economic Development Bank of Tunisia	37 974	48 824	10 850	2 102	32 550	3 347	43 399	5 449
Total	149 115	198 149	31 102	8 253	58 215	19 688	89 317	27 941

Note 3.12.2 – Distributable equity

In application of the terms of article 19 of law n°2013-54 of 30 December 2013 enabling the 2014 budget, distributable equity free of withholding posted on 31 December 2013, prior to assignment of results, the following.



NOTES ON FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014



Equity entered on the balance sheet ending 31 December 2014	Amount in thousand TD
Legally stipulated level of reserves	12 430
Tax-exempt reinvestment	9 974
Social fund	7 724
Issue premium	11 464
Merger premium	26 787
Special regime reserve	246 385
Other reserves	82 351
2014 results	21 107
Results carried forward	-748 883
Total equity as at 31 December 2014	-330 600
Dividends taken and collected from results prior to 31 December 2014, to be paid	650
Overall equity governed by paragraph 7 of article 19 of law n°2013-54 enabling the 2014 budget	-329 950

Note 3.13 – Possible liabilities

The possible liabilities line entitled « Deposits, endorsements & other guarantees given» and «documentary credit» as at 31 December 2014 can be broken down as follows.

Description	in thousand TD	
	31Dec2014	31Dec2013
Deposits and endorsements on behalf of clients	527 309	519 612
Other irrevocable, unconditional guarantees on behalf of banks	324 769	400 873
Total deposits, endorsement and other guarantees given	852 078	920 485
Documentary credit & import acceptations	245 325	363 980
Documentary credit & export acceptations	26 274	73 279
Total documentary credit	271 599	437 259
Total possible liabilities	1 123 678	1 357 744

Off balance sheet commitments accounts are not justified and do not reflect in a reliable exhaustive manner the Bank's actual commitments. Consequently, in order to alleviate this situation, the off balance sheet commitments statement is drawn up on the basis of declarations outside of accounting.

Note 3.14 – Financing commitments given

The «financing commitments given» line as of 31 December 2014 is made up of financing commitments in the amount of 145,735,000 TD vs. 115,647,000 TD as at 31 December 2013.

Description	31Dec2014	31Dec2013
Financing commitments	145 735	115 647
Total	145 735	115 647

Note 3.15 – Guarantees received

The balance of the line entitled «guarantees received» as at 31 December 2014 was 1,308,729,000 TD vs. 1,506,074,000 TD as at 31 December 2013.



NOTES ON FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

Description	31Dec2014	31Dec2013
Counter guarantees received from banks abroad	377 876	542 723
Guarantees received from banks and financial institutions in Tunisia	13 100	71 587
Guarantees received from the State and insurance structures	635 311	657 589
Guarantees received from clients	282 442	234 184
Total	1 308 729	1 506 074

These figures from sources outside of accounting have been transmitted by various departments within the Bank.

Counter-guarantees received from banks are entered under possible liabilities and guarantees received from banks. Actual guarantees received from clients to cover approved loans are not taken into account on the off balance sheet.

Note 3.16 – Interest and related income

Interest and related income as at 31 December 2014 came to 394,529,000 TD, compared to 351,735,000 TD as at 31 December 2013, broken down in the following table.

Description	Year ending 31Dec2014	Year ending 31Dec2013
Interest on claims on banking and financial institutions	13 241	17 229
Interest on claims on clients	367 290	322 375
Related income	13 998	12 131
Total	394 529	351 735

Note 3.17 – Commissions (as proceeds)

The amount of commissions as at 31 December 2014 came to 60,246,000 TD, compared to 59,643,000 TD as at 31 December 2013, broken down as follows.

Description	Year ending 31Dec2014	Year ending 31Dec2013
Checks, financial instruments, transfers and bookkeeping	24 230	24 025
Transactions involving securities	1 109	550
Transactions involving foreign exchange	8 802	8 864
Transactions involving foreign trade	1 409	1 497
Safe deposit boxes	34	33
Studies	8 632	9 302
Other	16 030	15 372
Total	60 246	59 643

Note 3.18 – Gains on the commercial securities portfolio and financial transactions

The balance of this line as at 31 December 2014 came to 31,576,000 TD compared to 28,047,000 TD as at 31 December 2013, broken down as follows.



NOTES ON FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014



Description	Year ending 31Dec2014	Year ending 31Dec2013
Net gains on trading securities	4 368	3 669
Net gains on investment securities	10 828	6 698
Net gains on foreign exchange transactions	16 380	17 680
Total	31 576	28 047

Les gains nets sur titres de transaction sont répartis comme suit :

Description	Year ending 31Dec2014	Year ending 31Dec2013
Gains on sale of short term treasury bonds and bonds equivalent to treasury bonds	903	1 524
Interest on short term treasury bonds	5 017	2 555
Losses on sale of short term treasury bonds and bonds equivalent to treasury bonds	-1 552	-410
Total	4 368	3 669

Net gains on investment securities are broken down as follows.

Description	Year ending 31Dec2014	Year ending 31Dec2013
Interest and related income	10 828	6 698
Dividends and related income	0	0
Total	10 828	6 698

Note 3.19 – Income from the investment securities portfolio

Income from the investment securities portfolio as at 31 December 2014 came to 13,346,000 TD compared to 9,680,000 TD as at 31 December 2013 broken down as follows.

Description	Year ending 31Dec2014	Year ending 31Dec2013
Interest and related income from investment securities	3 939	1 973
Dividends and related income from equity securities	9 407	7 707
Total	13 346	9 680

Note 3.20 – Accrued interest and related charges

Accrued interest and related charges as at 31 December 2014 came to 232,377,000 TD compared to 196,567,000 TD as at 31 December 2013, broken down as follows.

Description	Year ending 31Dec2014	Year ending 31Dec2013
Transactions with banking institutions	41 901	15 192
Transactions with clients	163 568	151 769
Borrowings & special resources	26 884	29 606
Other interest & charges	24	0
Total	232 377	196 567



ANNUAL REPORT 2014

NOTES ON FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

Note 3.21 – Allotments to provisions and result of correction of values on claims, off balance sheet and liabilities

Description	Year ending 31Dec2014	Year ending 31Dec2013
Allotments to provisions for doubtful claims	-52 573	-169 580
Allotments to additional provisions	-62 882	-90 990
Allotments to collective provisions	- 1 825	0
Claims that have been written off	-4 143	-836
Recovery from provisions for doubtful claims, off balance sheet commitments and liabilities	38 793	24 998
Recovery from additional provisions	7 837	7 477
Recovery of reserved agios on abandoned claims	1 849	0
Allotments to provisions for risk and charges	-4 694	-15 642
Recovery from provisions for risk and charges	729	17 769
Total	-76 909	-226 804

Note 3.22 – Allotments to provisions and result of correction of values on the investment portfolio

As at 31 December 2014, the balance of this line is broken down as follows.

Description	Year ending 31Dec2014	Year ending 31Dec2013
Allotment to provisions for depreciation of the investment portfolio	-16 691	-11 716
Allotment to provisions for managed funds	-3 296	-3 913
Gains or losses on investment portfolio sales	3975	1 027
Losses on capital risk funds	0	-263
Recovery from provisions for depreciation of the investment portfolio	1 585	236
Recovery from provisions for managed funds	1 043	1 838
Total	-13 384	-12 791

Note 3.23 – Staff costs

Staff costs as at 31 December 2014 came to a total of 107,999,000 TD, compared to 99,178,000 TD as at 31 December 2013, broken down as follows.

Description	Year ending 31Dec2014	Year ending 31Dec2013
Remuneration of staff	83 649	76 497
Benefits	22 319	20 508
Other staff related costs	2 030	2 173
Total	107 998	99 178

Note 3.24 – General operating costs

General operating costs as at 31 December 2014 amounted to 27,160,000 TD vs. 21,182,000 TD as at 31 December 2013, broken down as follows.



NOTES ON FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

Description	Year ending 31Dec2014	Year ending 31Dec2013
Rent	2 514	2 405
Maintenance and repairs contracted to third parties	2 992	2 090
Works and outsourced jobs	3 107	2 791
Insurance premiums	293	293
Other	1 964	1 925
Taxes & levies	1 733	1 185
Supplies made to the company	1 887	1 337
Payments to intermediaries & fees	2 187	613
Transport & travel	256	249
Miscellaneous management costs	10 227	8 294
Total	27 160	21 182

Note 3.25 : Corporate tax

Corporate tax for 2014 came to 16,062,000 TD compared to 15,125,000 TD the year before, broken down as follows.

Description	2014	2013
Tax base prior to deduction of provisions	163 230	148 553
Deductible provisions	117 339	261 019
Tax result	45 891	-112 466
Corporate tax (*)	16 062	937

(*) Corporate tax for 2013 corresponded to the minimum level.

Note 3.26 : Liquidity and quasi-liquidity

The balance of the Bank's liquidity and quasi liquidity as at 31 December 2014 came to -389,167,000 TD, compared to -311,355,000 TD as at 31 December 2013, broken down as follows.

Description	31Dec2014	31Dec2013
Cash, postal check centre and recovery of liquidity	49 593	39 728
Central bank of Tunisia	-439 206	-439 962
Banks and specialised structures	-7 232	-11 489
Loans/borrowings on the money market	-107 461	29 831
Transaction securities	115 139	70 537
Total	-389 167	-311 355

SOCIÉTÉ TUNISIENNE DE BANQUE

TUNISIAN BANKING COMPANY (STB) GENERAL AUDIT REPORT

for the year ending 31 DECEMBER 2014

TUNISIAN BANKING COMPANY (STB) GENERAL AUDIT REPORT for the year ending 31 DECEMBER 2014

Ladies and Gentlemen, Stockholders,

In line with the audit mandate entrusted to us, we hereby submit to you our report on the financial statements of the Tunisian Banking Company (STB) as at 31 December 2014, appended to this report along with the verifications and specific information provided for in legislation and norms for the profession.

1. Report on the financial statements

We have conducted our audit of the attached STB financial statements as at 31 December 2014, which include the balance sheet, the statement of off balance sheet commitments, the cash flow statement and notes on the financial statements for the year ending on this same date. These financial statements show a net balance sheet total of 7,340,804,000 dinars, negative capital of 92,220,000 and a positive result of 21,107,000 dinars.

2. Management's responsibility

The Bank's management and administrative structures are responsible for the drawing up and presentation in all good faith of these financial statements, in line with the corporate accounting system. This responsibility includes the design, introduction and monitoring of an internal control system that allows for the presentation of financial statements that contain no significant anomalies, be it from fraud or error, while determining accounting estimates that are reasonable in light of circumstances.

3. Auditors' responsibilities

We are responsible for giving an opinion on these financial statements based on our audit exercise. We have carried out our audit in line with the norms for the profession applicable in Tunisia.

These norms require us to follow the rules of ethics and to plan and carry out the audit in a manner that gives reasonable assurance that the financial statements contain no significant anomalies.

An audit implies the use of procedures capable of obtaining conclusive evidence about the amounts and information disclosed in the financial statements. The choice of procedures is left to the judgement of the auditor, notably his or her assessment of risk so as to ensure that the financial statements contain no significant anomalies, be it from fraud or error. When assessing these risks, the auditor takes into consideration internal control at the structure being audited with regard to the drawing up and faithful presentation of financial statements, so as to design audit procedures that are appropriate to the circumstances. An audit also involves



SOCIÉTÉ TUNISIENNE DE BANQUE



assessment of the methods and estimates made by upper management as well as assessment of the overall presentation of financial statements.

We consider that the conclusive evidence we have found is sufficient and appropriate to support our opinion.

4. Justification for a qualified opinion

4-1. Nos travaux d'audit ont été limités par :

- the absence of recent ranking by a rating agency and/or financial statements recently audited by an accredited firm for several partners showing commitments to the financial system that individually exceed the respective thresholds of 25,000,000 and 5,000,000 Tunisian dinars, as provided for in article 7 of central bank of Tunisia circular n°91-24 of 17 December 1991
- the absence of a physical inventory of "guarantees received" by STB to cover risk incurred with clients, as well as the absence of documentation justifying the value of certain real guarantees, notably expertise reports, in line with regulations in force.

Consequently, the conclusions of work to establish a physical inventory of "guarantees received", and the taking into account of financial data to evaluate risk incurred for certain partners could have a significant impact on results and on the Bank's capital.

4-2. The accounting balances of commitments under lines AC3 « Claims on clients », AC7 « Other assets » and HB « Off balance sheet commitments » that exceed the balance of commitments listed at the level of the Bank's base, in the net amount of 24,037,000 TD

This positive difference, which should be justified by the Bank's structures, has not been the object of a provision.

4-3. The Bank's statement of off balance sheet commitments as at 31 December 2014, which shows commitments given and received for respective values of 1,272,871,000 dinars and 1,308,729,000 Tunisian dinars is established on the basis of information available outside of accounting in the form of physical inventories prepared by the Bank's internal structures.

Consequently, we cannot be sure of the exhaustiveness of these commitments given and/or received

4-4. The Bank has not yet set up autonomous accounting in foreign currency for this sort of transaction, which is contrary to the terms of NCT 23 concerning transactions in foreign currency at banking institutions. This situation will not allow for assessment of the impact of such transactions on the Bank's assets, liabilities and capital.

4-5. The accounting lines entitled: «Cash and holdings at the central bank of Tunisia (BCT), the postal checks centre (CCP) and the Tunisian general treasury (TGT) », «Claims on banking and financial institutions» and « Deposits and assets of banking and financial institutions », which include amounts held in suspense accounts related mainly to BCT dinar accounts, BCT foreign currency accounts and foreign currency correspondents.

Furthermore, the «Local correspondent» lines and the « BCT compte BDET/BNDT » line show old frozen balances that have been provisioned and not reconciled.



SOCIÉTÉ TUNISIENNE DE BANQUE

TUNISIAN BANKING COMPANY (STB) GENERAL AUDIT REPORT

for the year ending 31 DECEMBER 2014

See notes on the financial statements 3.1, 3.2 and 3.8..

«Other assets» and «other liabilities» include, on the one hand, frozen balances for respective totals of 8,670,000 and 12,258,000 Tunisian dinars and, on the other hand, items in suspense accounts relating mainly to inter-HQ accounts (in dinars and in foreign currency) and to accounts tied to electronic clearing.

The Bank has already begun work to justify and clear up frozen balances and items in suspense accounts, but this had not been completed in time for this report. The impact of the results of the Bank's work on assets, liabilities, capital and Group results for the year cannot at this time be specified in a precise manner.

4-6. Consolidated claims, guarantees or State assumption for periods between 20 and 25 years at no interest, in application of article 25 of legislation enabling the 1999 budget, showed as at 31 December 2014 an accounting value of 52,814,000 Tunisian dinars, while the actual value is estimated at 40,957,000 TD, updating future encashments at the rate of interest prevailing on the market as per paragraph 07 of Tunisian accounting norm n°3 pertaining to income.

Thus losses not recorded by the Bank amount to some 11,857,000 Tunisian dinars.

4-7. The balance of the line entitled «Reserves for the social fund» as at 31 December 2014 came to 7,724,000 TD, although the outstanding balance of loans from the social fund came to 19,798,000 TD, a difference of 12,074,000 TD that could not be justified by the Bank.

4-8. Contrary to the terms of article 17 of law n° 96-112 of 30 December 1996 concerning the corporate accounting system, the results of the physical inventory of the parent company's tangible and intangible fixed assets were not reconciled with the corresponding accounting data as at 31 December 2014.

Consequently, we cannot be sure of either the existence or the exhaustiveness of the tangible and intangible fixed assets on the Bank's balance sheet, the net accounting balance of which came to 84,084,000 dinars as at 31 December 2014.

Qualified opinion

In our opinion, subject to what is mentioned in paragraphs 4.1 to 4.8, the attached financial statements are accurate and they faithfully present in all significant ways the financial situation at the Tunisian Banking Company (STB) as well as the result of its operations and cash flows for the year ending 31 December 2014, in line with the accounting principles generally applicable in Tunisia.



SOCIÉTÉ TUNISIENNE DE BANQUE



5. Paragraphs of observation

Without prejudice to the above-mentioned opinion, we draw your attention to the following points.

5-1. The Bank's assets include commitments of some 801,180,000 TD to public enterprises, of which 279,251,000 TD are not covered by a State guarantee. Some of these public enterprises are encountering financial difficulties, such as the Tunisian metal works company El Fouladh.

El Fouladh's commitments, amounting as at 31 December 2014 to 33,180,000 Tunisian dinars, were downgraded on this same date to worrisome assets (Class 3) as defined in article 8 of central bank of Tunisia circular n°91-24 concerning division, coverage of risk and monitoring of commitments. The corresponding provision would be 50% of risk incurred.

The Bank has however retained a provision for all risk incurred that corresponds to compromised assets (class 4), in the amount of 28,189,000 Tunisian dinars.

5-2. Similarly, the Bank proceeded to downgrade the 25,572,000 TD in commitments of the energy company TOPIC to assets requiring close monitoring (Class 1) as defined in article 8 of central bank of Tunisia circular n°91-24 concerning division, coverage of risk and monitoring of commitments.

The Bank has however maintained a provision recorded as at 31 December 2013 and calculated on the basis of a classification of TOPIC's commitments as worrisome assets (class 3), at 12,785,000 Tunisian dinars.

5-3. The audited 2013 financial statements of the Franco-Tunisian Bank (BFT), in which STB holds a 78.18% share, mention significant uncertainty about its ability to continue operations, to regain assets and to pay its debts in the normal course of its activity. STB, which is BFT's stockholder of reference, could be called on, under the terms of article 40 of law n° 2001-65 of 10 July 2001 concerning loan institutions, to provide the support required to re-establish financial balance.

5-4. The Bank's capital includes a State allotment in the amount of 117,000,000 dinars, constituted in line with legislation approved by the constituent national assembly in September 2012, the object of an agreement between the Tunisian Government and the Bank on 9 October 2012. This amount is due to be paid back five years from the date on which the above-mentioned agreement was signed, after the Bank has regained financial balance as defined in article 4 of this agreement.

6. Report on other legal and regulatory requirements

In line with norms for the profession, we have proceeded to carry out the specific verifications provided for in legislation.

6-1. On the basis of our examination, we have no comments to make on the sincerity and consistency to financial statements of the accounting information found in the report of the Board of Directors to the General Assembly on 2014 management.

6-2. In application of the terms of article 266 of the commercial companies code and article



SOCIÉTÉ TUNISIENNE DE BANQUE

TUNISIAN BANKING COMPANY (STB) GENERAL AUDIT REPORT

for the year ending 31 DECEMBER 2014

3 of law n° 94-117 of 14 November 1994, as modified by law n°2005-96 of 18 October 2005, we proceeded to examine internal control procedures relating to processing of accounting data and presentation of financial statements. We want to point out that our audit work has allowed us to detect and put forth a number of weaknesses that could impact the effectiveness of the internal control system, with particular reference to the information system and related operational processes.

The results of this work are being discussed with the Bank's internal structures and they will be the subject matter of a separate report to the Bank's upper management.

6-3. In application of the terms of article 19 of decree n°2001-2728 of 20 November 2001, we have proceeded with the required verifications and we have no comments to make on the compliance of management of the accounts of securities issued by the Bank with prevailing regulations.

6-4. The Bank's capital as at 31 December 2014 stood at a negative 92,220,000 TD. This situation does not allow us to affirm that the rules of concentration of loans as provided for in articles 1, 2, and 3 of circular n°91-24 of 17 December 1991 have been respected. Therefore, in application of the terms of article 388 of the commercial companies code, the Bank's Extraordinary General Assembly decided on 23 October 2014 to increase capital by 650,000,000 Tunisian dinars. This had not yet been implemented as of the date of this audit report.

6-5. The Bank's solvency ratio, calculated by dividing net equity by weighted net assets (balance sheet and off balance sheet) according to percentages of risk, as per article 6 of circular n°91-24 of 17 December 1991, came to - 5.17% as at 31 December 2014, while the minimum required in article 4 of the above-mentioned circular is 10%.

6-6. Article 13 of central bank of Tunisia circular n°91-24 of 17 December 1991 stipulates that banks must at all times and until 31 December 2014 adhere to a liquidity ratio that can be no less than 100%, calculated by the ratio between assets that can readily be disposed of and contingent liabilities. As at 31 December 2014 STB posted a liquidity ratio of 87.49%, leaving a shortfall of 12.61%.

Tunis, 18 May 2015

CO-AUDITORS

On behalf of GEM
Ali BEN MOHAMED

On behalf of the ABC-FINACO Group
Yahia ROUATBI


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SOCIETE TUNISIENNE DE BANQUE

SOCIÉTÉ TUNISIENNE DE BANQUE



TUNISIAN BANKING COMPANY SPECIAL AUDIT REPORT FOR THE YEAR ENDING 31 DECEMBER 2014

Ladies and Gentlemen, Stockholders

In application of the terms of article 29 of law n°65-2001 of 10 July 2001 concerning loan institutions, as well as articles 200 et seq. and 475 of the commercial companies code, we have reviewed the agreements provided for in these articles that were implemented or still valid for the 2014 fiscal year.

We are responsible for ensuring that the legally mandated procedures for authorising and approving these agreements or operations have been respected and that they have been properly rendered in the financial statements.

It is not up to us to seek specifically and in an extensive manner the possible existence of such agreements or operations but rather to transmit to you, on the basis of the information given to us and that obtained by application of our audit procedures, their key characteristics and modalities, without having to give an opinion on their utility and validity. It is up to you to assess the relevance of entering into these agreements and taking the steps leading to approval.

1. Agreements and operations carried out in 2014, other than remuneration of directors

Your board of directors did not inform us of the existence of agreements signed in 2014, which fall within the scope of the above-mentioned articles.

2. Agreements and operations carried out in previous years, other than remuneration of directors, and which continued to have an impact in 2014

2.1. STB capital includes a State allocation of 117,000,000 Tunisian dinars, entered in application of law n°2012-17 of 21 September 2012, coupled with the possibility of repayment five years later, following a return to financial balance at the Bank.

2.2. In line with the agreement signed following the decision of the Ministerial Council on 2 June 2011, the Bank granted its subsidiary, the Franco-Tunisian Bank (BFT) an interbank loan in the amount of 70,000,000 Tunisian dinars for a period of three months renewable with a rate of interest of 5.25%.

2.3. The Bank signed shareholder loans with the following Group subsidiaries.

Company in the Group	Outstanding balance 31 Dec 2014	In thousand dinars	
		Rate of remuneration	2014 interest
Tunisian claims collection company "STRC"	68 500	money market rate +0.5%	3 798
L'Immobilière de l'Avenue (real estate)	25 318	money market rate +2%	-
ACTIVHOTELS	12 800	money market rate +2%	-
SMT.Maison Blanche (tourism)	1 623	Interest free	-
Total	98 241		3 798



SOCIÉTÉ TUNISIENNE DE BANQUE

TUNISIAN BANKING COMPANY SPECIAL AUDIT REPORT FOR THE YEAR ENDING 31 DECEMBER 2014

2.4. The Bank signed several agreements with its subsidiary "STB-SICAR" (capital risk) pertaining to management of capital risk funds, the status of which as at 31 December 2014 is given below.

Managed funds	Date of subscription	Subscribed amount	In thousand dinars
			Outstanding balance as at 31 Dec 2014
FG STB 1	22/03/1999	8 000	4 907
FG STB 2	23/02/2001	8 000	5 519
FG STB 3	05/05/2001	5 000	4 522
FG STB 4	23/02/2002	6 500	6 247
FG STB 5	31/10/2003	6 824	6 585
FG STB 6	13/09/2004	2 707	2 287
FG STB 7	28/11/2006	800	915
FG STB 8	28/03/2008	9 371	10 927
FG STB 9	23/03/2009	4 800	5 191
FG STB 10	23/03/2009	8 748	9 524
FG STB 11	12/01/2010	6 000	6 623
FG STB 12	12/01/2010	9 898	11 158
FG ID 1	28/12/2002	2 000	1 262
FG ID 2	28/12/2002	2 000	1 277
FG ID 3	22/09/2003	5 436	3 859
FG ID 4	15/06/2005	360	362
FG ID 5	30/09/2006	1 133	1 417
FG ID 6	29/03/2008	4 000	4 762
Total		101 577	87 344

Remuneration conditions for managing capital risk managed funds can be summarised as follows.

- Annual remuneration exclusive of tax at 1%, deducted on the basis of assets valued at the end of each year and paid before deduction of any other fees and commissions
- A performance commission equal to 20% of profits made on sale of stock, corporate shares and dividends paid
- A yield commission equal to 10% of proceeds from investments for each fund

In 2014 the Bank entered into accounting an overall amount of 1,199,000 Tunisian dinars for the commissions it paid out for these managed funds.



SOCIÉTÉ TUNISIENNE DE BANQUE



2.5. Annual conditions for rental contracts between the Bank and a number of its subsidiaries were as follows.

in thousand dinars

Subsidiary	Annual rent	Date of initial rental	Yearly increase (in %)	2014 rent ((inclusive of tax)	
STRC	2nd floor	10 (tax incl.)	1 July 2004	5% à partir de la 2 ^{ème} année de la	15,901
	3rd floor	10 (tax incl.)	1 Sept 2001	5% à partir de la 2 ^{ème} année de la	18,183
	4nd floor	10 (tax incl.)	1 April 2005	5% à partir de la 2 ^{ème} année de la	15,329
SOFIGES	44,983 (HTVA)	1 Nov 2011	5%	58,521	
STB INVEST	20,988 (HTVA)	1 Dec 2011	5%	26,655	
STB MANAGER	19,549 (HTVA)	1 Dec 2011	5%	25,432	
SOFI ELAN	5,227 (HTVA)	1 Dec 2011	5% every two years starting the third year	5,488	
Total				165,509	

2.6. The outstanding balance of bond loans subscribed to by the Bank's administrators came to a total of 56,502,000 TD as at 31 December 2014. This outstanding balance can be broken down by administrator in the following table.

in thousand dinars

Administrator	Loan (E)	Rate	Amount subscribed	Outstanding balance 31 Dec 2014
STAR	E-2011 Category A	6,10%	10 000	7 142
	E-2008/1 Category C	MMR+1,75	2 000	1 400
	E-2008/1 Category D	MMR+2	5 000	3 800
	E-2008/2	6,50%	10 000	6 875
	E-2010/1 Category B	5,30%	20 000	16 000
Hamrouni Abdelkader	E-2011 Category A	6,10%	8 000	5 714
	E-2012/1	6,15%	20 000	12 000
ETAP	E-2011 Category A	6,10%	5 000	3 571
Total			80 000	56 502

2.7. The Bank intervenes as depository for the securities and funds of three open-ended investment companies: "SICAV l'Epargnant", "SICAV l'Investisseur" and "SICAV L'Avenir". It is paid for these services by means of the following commissions.

- 0.05% of the amount of net assets at "SICAV L'Epargnant", calculated daily
- 0.1% of the amount of net assets at "SICAV L'Investisseur", calculated daily
- 1 000 TD (exclusive of tax), to be paid yearly by "SICAV L'Avenir"



SOCIÉTÉ TUNISIENNE DE BANQUE

TUNISIAN BANKING COMPANY SPECIAL AUDIT REPORT FOR THE YEAR ENDING 31 DECEMBER 2014

2.8. Bank loans granted by the Bank to its administrators and upper management came to a total of 156,148,000 TD as at 31 December 2014, broken down as follows.

	In thousand dinars
Outstanding balance as at 31 Dec 2014	
KHALFALLAH BECHIR Group	109 643
DRISS MHAMMED Group	31 070
HAMROUNI ABDELKADER Group	10 948
LOUATI ABDERRAZEK	12
STAR (Tunisian insurance & reinsurance company)	2 496
ETAP (Tunisian oil activities company)	1 862
Subtotal for "Administrators"	156 031
President Director General	22
Deputy Director General	95
Subtotal for "Upper management"	117
Overall total	156 148

3. The Bank's obligations and commitments to its upper management

3-1. The Bank's obligations and commitments to its upper management as provided for in article 200 of the commercial companies code are as follows.

(i). Remuneration of the President Director General was set by decision of the Prime Minister on 25 March 2013. Gross monthly remuneration can be broken down as follows.

- base salary of 900 dinars
- housing allowance of 200 dinars
- management allowance of 350 dinars
- representational allowance of 1580 dinars
- temporary allowance to reimburse representational costs of 1120 dinars
- complementary allowance of 1150 dinars

Benefits in kind include: a quota of 500 litres of fuel per month, use of an office car, and reimbursement for phone calls

(ii). Remuneration for deputy director generals was set by decision of the Bank's Board of Directors at its 26 September 2013 meeting. It includes, for each director, an annual gross salary of 64,842 dinars (corresponding to an annual net salary of 48,632 dinars), 400 litres of fuel per month, use of an office car and reimbursement for phone calls.

(iii). The amount of directors fees paid to board members in 2013 was set by decision of the Ordinary General Assembly on 23 October 2014 at 5000 Tunisian dinars (net) per board member.



SOCIÉTÉ TUNISIENNE DE BANQUE



3-2. The Bank's obligations and commitments to its directors and members of its Board appear in the financial statements for the year ending 31 December 2014, as given below.

in thousand dinars

Nature of remuneration	President Director General		Current Deputy Director General		Former Deputy Director General		Administrators	
	Costs for the year	Liabilities as at 31 Dec 2014	Costs for the year	Liabilities as at 31 Dec 2014	Costs for the year	Liabilities as at 31 Dec 2014	Costs for the year	Liabilities as at 31 Dec 2014
Short-term benefits	91.632	38.517	94.487	24.283	52.640	-	71.000	71.151
Post-employment benefits	-	38.475	-	20.485	-	-	-	-
Total	91,632	76,992	94,487	44,768	52,640	-	71,000	71,151

Aside from the agreements and operations mentioned above, our audit exercise did not reveal the existence of any other agreements.

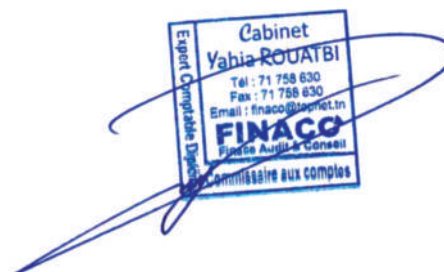
Tunis 18 May 2015

LES CO-AUDITORS

On behalf of GEM
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SOCIÉTÉ TUNISIENNE DE BANQUE

RESOLUTIONS OF THE ORDINARY GENERAL ASSEMBLY OF THE TUNISIAN BANKING COMPANY (STB)

held Wednesday 3 June 2015

(concerning 2014)

FIRST RESOLUTION

After reading of the Board of Directors' report pertaining to 2014, the general audit report and additional explanations, the Ordinary General Assembly approved the Board of Directors' report and the individual financial statements for the year ending 31 December 2014, as presented.

This resolution was put to a vote and adopted unanimously.

SECOND RESOLUTION

After taking note of the special audit report, in line with the terms of article 200 et seq. and article 475 of the commercial companies code as well as article 29 of law n°2001-65 of 10 July 2001 as modified by law 2006-19 pertaining to loan institutions, the Ordinary General Assembly approved all operations that fall within the scope of these articles, as presented.

This resolution was put to a vote and adopted unanimously.

THIRD RESOLUTION

After reading the management report pertaining to the STB Group and the general audit report, the Ordinary General Assembly approved the consolidated financial statements for the year ending 31 December 2014, as presented.

This resolution was put to a vote and adopted unanimously.

FOURTH RESOLUTION

The Ordinary General Assembly gave the members of the Board of Directors full, definitive and unconditional discharge of their management pertaining to 2014.

This resolution was put to a vote and adopted unanimously.

FIFTH RESOLUTION

As proposed by the Board of Directors, the Ordinary General Assembly decided to assign 2014 results, detailed below, as carried forward.

	in dinars
- 2014 results	21 107 487,885
- Carried forward from 2013	(748 883 265,531)
- Carried forward :	(727 775 777,646)



SOCIÉTÉ TUNISIENNE DE BANQUE



This resolution was put to a vote and adopted unanimously.

SIXTH RESOLUTION

The Ordinary General Assembly set the net annual amount of directors fees for members of the Board of Directors at 5000 (five thousand) dinars gross per member and per year.

This resolution was put to a vote and adopted unanimously.

SEVENTH RESOLUTION

In line with decree n° 2013-4953 of 5 December 2013 (which implements the provisions of article 22 ter of law n° 89-9 of 1 February 1989 pertaining to holdings, public enterprises & structures and public banks) and in line with the Ministry of Finance's correspondence of 10 April 2015 pertaining to the designation of administrators representing the State and public enterprises on the STB's board of directors, the Ordinary General Assembly ratified the Board of Directors' designation at its 13 April 2015 meeting of the new members listed below, until convening of the Ordinary General Assembly to approve the 2014 accounts.

- Mr. Jameleddine CHICHTI
- Mr. Abdelaziz MAHFOUDHI
- Mrs. Dorra BERRAIES
- Mr. Ghazi BOULILA
- Mrs. Najia GHARBI

This resolution was put to a vote and adopted unanimously.

EIGHTH RESOLUTION

The Ordinary General Assembly designated new members of the Board of Directors representing the State and public enterprises as listed below for a period of three years, which will end on the date the Ordinary General Assembly meets to approve the 2017 accounts.

Members	Mandate
Mr. Jameleddine CHICHTI	2015-2017
Mr. Abdelaziz MAHFOUDHI	2015-2017
Mrs. Dorra BERRAIES	2015-2017
Mr. Ghazi BOULILA	2015-2017
Mrs. Najia GHARBI	2015-2017

This resolution was put to a vote and adopted unanimously.

NINTH RESOLUTION

Since the mandate of the member of the Board of Directors who represents small-scale stockholders finished at the end of 2014, the Ordinary General Assembly designated for a period of three years, ending with the Ordinary General Assembly responsible for approving the 2017 accounts, Mr. Mohamed Salah BEN AFIA as member of the Board in this capacity.

This resolution was put to a vote and adopted unanimously.



SOCIÉTÉ TUNISIENNE DE BANQUE

RESOLUTIONS OF THE ORDINARY GENERAL ASSEMBLY OF THE TUNISIAN BANKING COMPANY (STB)

held Wednesday 3 June 2015
(concerning 2014)

TENTH RESOLUTION

The Ordinary General Assembly authorised the STB to issue a bond and/or subordinated loan in the amount of 100,000,000 dinars (one hundred million dinars) in one or more instalments for a period of five years.

The Ordinary General Assembly authorised the Board of Directors to set the amount as well as the conditions and modalities for each issue.

This resolution was put to a vote and adopted unanimously.

ELEVENTH RESOLUTION

All powers are conferred to the Bank's legal representative or his/her proxy to meet legally mandated requirements pertaining to registry, filing and publication.

This resolution was put to a vote and adopted unanimously.



SOCIÉTÉ TUNISIENNE DE BANQUE



RESOLUTIONS OF THE EXTRAORDINARY GENERAL ASSEMBLY held Wednesday 3 June 2015

FIRST RESOLUTION

The Extraordinary General Assembly, after reading of the Board of Directors' report and the special audit report, decided to cancel the capital increase that had been decided by the Extraordinary General Assembly of 23 October 2014.

This resolution was put to a vote and adopted by an absolute majority of 95.125%, while the representative of the Kuwait Investment Authority, which holds 928,689 shares (4.875% of shares represented at the meeting) did not do so.

SECOND RESOLUTION

The Extraordinary General Assembly, after reading of the Board of Directors' report on the proposal for a capital increase, decided to increase the Bank's capital by 652,575,000 dinars to bring it from 124,300,000 dinars to 776,875,000 dinars, by means of issuing 130,515,000 new shares at a rate of **twenty one (21) new shares subscribed for four (4) former shares** worth 5.800 dinars per share, five dinars in face value and 0.800 dinar in issue premium to be paid in entirely upon subscription.

If subscriptions do not reach the entire targeted capital increase,

1. unsubscribed shares can be entirely or partially redistributed to shareholders,
2. unsubscribed shares can be entirely or partially offered to the public,
3. the amount of the capital increase can be limited to the amount of subscriptions, on condition that it reaches at least three quarters of the proposed increase.

The Extraordinary General Assembly delegated to the Board of Directors the power to set an order or priority for the options listed above or only some of them.

This resolution was put to a vote and adopted by an absolute majority of 95.125%, while the representative of the Kuwait Investment Authority, which holds 928,689 shares (4.875% of shares represented at the meeting) did not do so.

THIRD RESOLUTION

The Extraordinary General Assembly decided that after carrying out the capital increase, article 6 of the Bank's statutes would be modified as follows: «Corporate capital is set at the sum of 776,875,000 dinars divided into 155,375,000 shares worth five dinars each. »

This resolution was put to a vote and adopted by an absolute majority of 95.125%, while the representative of the Kuwait Investment Authority, which holds 928,689 shares (4.875%



SOCIÉTÉ TUNISIENNE DE BANQUE

RESOLUTIONS OF THE EXTRAORDINARY GENERAL ASSEMBLY held Wednesday 3 June 2015

of shares represented at the meeting) did not do so.

FOURTH RESOLUTION

The Extraordinary General Assembly delegates all powers to the Board of Directors in order to carry out the capital increase and to ensure that modification of the Bank's statutes takes place.

This resolution was put to a vote and adopted by an absolute majority of 95.125%, while the representative of the Kuwait Investment Authority, which holds 928,689 shares (4.875% of shares represented at the meeting) did not do so.

FIFTH RESOLUTION

The Extraordinary General Assembly, availing itself of the option provided for in article 215 of the commercial companies code and article 27 of law n°2001-65 of 10 July 2001, decided to opt for dissociation between the functions of Chairman of the Board of Directors and those of the Bank's Director General.

Consequently, the Assembly decided to delete all mention in the statutes of «President Director General» and to update and modify articles 19, 21, 25 and 26 of the Bank's statutes.

The Extraordinary General Assembly delegated to the Board of Directors all the powers required to implement the decision for dissociation between the functions of President of the Board of Directors and those of the Bank's Director General.

This resolution was put to a vote and approved unanimously.

SIXTH RESOLUTION

The Extraordinary General Assembly confers all powers to the legally mandated representative of the Bank or his/her proxy to meet legally mandated requirements pertaining to registry, filing and publication.

This resolution was put to a vote and approved unanimously.





MANAGEMENT REPORT OF THE STB GROUP EXERCICE 2014



ANNUAL REPORT 2014

SOCIÉTÉ TUNISIENNE DE BANQUE

MANAGEMENT REPORT OF THE STB GROUP 2014

1. PRESENTATION OF THE PERIMETER OF THE STB GROUP

1.1. General Presentation of the STB GROUP

The STB Group is made up of 22 companies working in various sectors: claims collection, management of mutual funds dealing in securities, stock brokerage, the hotel industry, services and real estate. The parent company, STB, is a loan institution founded in 1958, governed by the terms of law n° 2001-65 of 10 July 2001. STB is listed on the stock exchange and its 124,300,000 TD in capital is fully paid in. This capital is divided into 24,860,000 ordinary shares with a face value of five Tunisian dinars each.

The STB Group carries out its activities in four main areas :

- ◆ **The financial pole** is made up of entities working under the terms of law n°2001/65, which regulates the activity of loan institutions as well as companies working in related areas: stock brokerage, management of mutual investment funds dealing in securities (laws n°88-92 of 2 August 1988 and n°2001-83 of 24 July 2001) as well as capital risk funds governed by law n°95-87 of 30 October 1995.
- ◆ **The real estate pole** is made up of entities approved under the terms of law n° 90-17 of 26 February 1990 to intervene as professionals in subdividing and developing land intended mainly for housing as well as in construction or renovation of shared or partially shared buildings to be used for housing, commerce, professional or administrative use.
- ◆ **The tourism pole** is made up of entities authorised to manage hotels and tourism facilities.
- ◆ **The services pole** is made up of entities that are specialised in studies, commercial and intellectual services, consulting and claim collection.

1.2. Presentation of the main companies belonging to the STB Group

◆ FRANCO TUNISIAN BANK (BFT)

Founded in 1879, the Franco Tunisian Bank (BFT) is a limited liability company that provides the full range of financial and banking services.

BFT has been operating at a deficit for several years.

As at 31 December 2014, STB held 78.18% of BFT's capital, worth five million Tunisian dinars and divided into one million shares worth five dinars each.

BFT is being monitored by supervisory authorities, with a view to the future of the company.

◆ TUNISIAN FOREIGN BANK (TFB, ex UTB)

Founded in 1977, the Tunisian Foreign Bank (TFB) is a limited liability company that pro-



SOCIÉTÉ TUNISIENNE DE BANQUE



vides the full range of financial and banking services.

Its network is made up of two branches in Paris, one in Marseille and an off-shore branch in Tunis.

After restructuring of its capital based on a hard core of stockholders (the central bank of Tunisia BCT, STB and the bank for housing BH), disciplinary action was imposed on TFB, with STB and BH committed to support and succour TFB in clearing up its affairs.

The Ministry of Finance will draw up a development plan, look for a strategic partner and undertake urgent measures to enhance governance and the bank's role in mobilising the savings of Tunisians residing abroad. TFB posted a deficit for 2014.

As at 31 December 2014, STB held 43.41% of TFB's capital of 49,594,008 euros, divided into 3,254,200 shares worth 15.24 euros each.

◆ **ED DKHILA**

In the framework of the programme to sell off companies in the competitive sector, it has been decided to privatise this hotel property, which includes 33 hectares of land. Given the extent of this land and its location, the decision was made to postpone privatisation until a study could be made of the advisability of such a transaction and how best to secure income from this property.

The hotel's physical plant covers about 16 hectares and it is currently subcontracted out under a rental agreement.

In 2012, given the difficulties encountered in the tourism sector, it was agreed with the current leaseholder that rent would be reduced by 50% and this has affected results.

Then in 2013, the leaseholder left the premises without paying outstanding rent and STB took legal action.

The company ran a deficit in 2013, then in 2014 a new lease was arranged and a new contract signed for a ten year period.

As of 31 December 2014, STB held 61.21% of capital in ED DKHILA, coming to 7,500,000 dinars and divided into 1,500,000 shares with a face value of five dinars each.

◆ **L'IMMOBILIERE DE L'AVENUE (real estate company)**

Founded in 1931, l'Immobilier de l'Avenue is one of the oldest real estate promotion companies in the sector. With tough competition in the sector the company has been running a deficit.

A plan to clear up its affairs and restructure the company is being drawn up, based in particular on:

- Clearing up company issues
- More rigorous monitoring of implementation costs
- Searching for appropriate land that will facilitate marketing



SOCIÉTÉ TUNISIENNE DE BANQUE

MANAGEMENT REPORT OF THE STB GROUP 2014

- Restructuring how the company is organised

In the framework of this plan, staff changes have now been made and 23 employees have left. Organisational restructuring has taken place and an organisational chart, manual of procedures and internal regulations introduced.

A business plan has been drawn up and its projections have been met. A profit is projected starting in 2015.

As at 31 December 2014, STB held 84.71% of capital in l'Immobilière de l'Avenue, worth 9,400,000 dinars and divided into 1,880,000 shares with a face value of five dinars each.

◆ **STB INVEST**

STB INVEST was founded in 1991 to promote investment in Tunisia under the terms governing close-ended investment companies.

Capital currently stands at 36 million dinars, divided into 3,600,000 shares with a face value of ten dinars each. STB Invest turns a profit and regularly distributes dividends.

As at 31 December 2014, STB held 94.39% of capital in this company.

◆ **Open-ended investment companies**

(SICAV L'INVESTISSEUR, SICAV l'Épargnant & SICAV Avenir)

Founded in 1994, each of these three open-ended investment companies manages a portfolio of securities, using its own funds.

Their objective is to secure a significant level of regular income for their stockholders, while maintaining optimal liquidity.

All three of these companies post a profit and distribute dividends on a regular basis.

◆ **STB MANAGER**

Founded in 2002, this company manages the portfolios of mutual investment structures dealing in securities that belong to the STB Group. STB Manager turns a profit.

Capital at this time amounts to 500,000 dinars, divided into 5,000 shares with a face value of 100 dinars each.

As at 31 December 2014, STB held 29.94% of this company's capital.

◆ **THE TUNISIAN CLAIMS COLLECTION COMPANY (STRC)**

Founded in 1999, STRC was the very first bank claims collection company approved in the



SOCIÉTÉ TUNISIENNE DE BANQUE



framework of law 98-4 of 2 February 1998. STRC's corporate goal is to collect claims either for itself or on behalf of others.

A plan to clear up problems and restructure the company is under consideration, following a directive from the board of directors. STRC posts a deficit.

As at 31 December 2014, STB held 91.35% of STRC's capital, which amounted to 37,000,000 dinars on that date, divided into 370,000 shares with a face value of 100 dinars each.

◆ **STB SICAR (capital risk fund)**

Founded in 1998, the STB Group's capital risk company STB SICAR seeks to secure profit sharing retrocession for itself or for a third party, with a view to further conveyance.

There was a capital increase in 2012, augmenting overall capital from 16,945,500 to 19,495,000 dinars. This increase was cash only and limited to STB.

A plan to clear up issues and restructure the company was approved by the board of directors and is currently being implemented. STB SICAR is enjoying balanced activity at this time.

As at 31 December 2014, STB held 55.83% of STB SICAR's capital of 19,495,000 dinars. In 2009, in the framework of a merger arrangement, STB SICAR absorbed ID SICAR.

◆ **STB FINANCE (ex-SOFIGES)**

Founded in 1967, this company is a stock brokerage, providing the full range of stock transactions and management.

SOFIGES' market share has been low (some 2%) for a number of years and its ranking vis-à-vis other brokerages continues to fall. The former SOFIGES is not competitive.

An upgrading programme was drawn up in 2013, based on the following main points:

- Reorganising the company
- Improving its image
- Reviving marketing efforts
- Creating new products

The company's name was changed in 2014, its structures were reorganised, its information system updated and its premises got a new look.

STB's board of directors decided to transfer its securities portfolio to STB FINANCE, thus centralising stock brokerage activity with this affiliate. Transfer arrangements are at a very advanced stage. The company posted a deficit in 2014.

As at 31 December 2014, STB held 61.34% of STB Finance's capital, which amounted to 6,500,000 dinars.



SOCIÉTÉ TUNISIENNE DE BANQUE

MANAGEMENT REPORT OF THE STB GROUP 2014

◆ SOFI ELAN SICAF

Founded in 1994, the close-ended investment company SOFI ELAN SICAF manages securities portfolios. It turns a profit and distributes dividends on a regular basis.

As at 31 December 2014, STB held 58.59% of SOFI ELAN's 5,000,000 dinars in capital, divided into 500,000 shares with a face value of ten dinars each.

◆ La GENERALE DE VENTE « GEVE »

GEVE was founded in application of CAREPP* decision of 12 March 2007, in the framework of privatisation of the automotive industry company STIA. Its mission is to acquire STIA assets (shares, land and premises) that are no longer in use, then to resell them.

In 2013, the balance sheet was in the black thanks to sale of a building located on rue Asdrubal at a sizeable profit.

As at 31 December 2014, STB held 50% of GEVE'S capital, which on that date amounted to four million dinars, divided into 4 million shares with a face value of one dinar each.

◆ ACTIV HOTELS

Founded in 2006, ACTIV HOTELS is a limited liability company that seeks to create, acquire, sell, rent, operate and/or manage hotel, tourism or seaside facilities.

ACTIV HOTELS has acquired two units related to the tourism sector.

There have been deficits due to financial fees on loans taken out by ACTIV HOTELS for the purchase of the two above-mentioned units.

As at 31 December 2014, STB directly held 30% of capital that amounted to one million dinars, divided into 10,000 shares with a face value 100 dinars each.

* STB Moyens Généraux

STB Moyens Généraux is a newly-founded (July 2014) limited liability company that provides cleaning services at premises and establishments and in general any type of service related directly or indirectly thereto.

Capital amounts to 500,000 Tunisian dinars, divided into 50,000 shares worth ten dinars each, entirely subscribed to and paid in.

As at 31 December 2014, STB directly held 30% of capital in this company.

In the framework of procedures for good governance, it was decided to separate power between the chairman of the board and the director general with regard to the Bank's affiliates. This measure has been applied for l'Immobilière de l'Avenue and STB Invest and is currently underway at STB Finance.



SOCIÉTÉ TUNISIENNE DE BANQUE



1.3. LISTE DES SOCIÉTÉS DU GROUPE STB AU 31 DÉCEMBRE 2014

Company	capital	Area of activity
STB BANK (parent company)	124 300	Loan institution
STB INVEST	36 000	Financial institution
SOFI ELAN SICAF (close-ended investment company)	5 000	Financial institution
STB MANAGER	500	Financial institution
STB FINANCE	6 500	Financial institution
STB SICAR(capital risk)	19 495	Financial institution
L'IMMOBILIERE DE L'AVENUE (real estate)	9 400	Services
STE TUNISIENNE DE RECOUVREMENT DES CREANCES "STRC"(claims collection company)	37 000	Services
STE LA GENERALE DE VENTE	4 000	Services
ED-DKHILA	7 500	Tourism
SOCIETE ACTIVHOTELS	1 000	Tourism
BANQUE FRANCO TUNISIENNE "BFT"	5 000	Loan institution
SICAV L'INVESTISSEUR	1 000	Financial institution
SICAV AVENIR (ex open ended investment company/BDET development bank)	1 795	Financial institution
BANQUE D'AFFAIRES DE TUNISIE "BAT" (Tunisian business bank)	3 711	Services
TUNISIAN FOREIGN BANK " TF BANK"(ex UTB)	49 594 euros	Loan institution
EL WIFACK LEASING	20 000	Financial institution
SOCIETE TUNISIENNE DE CONTROLE VERITAS "STCV"	2 400	Tourism
SONIBANK(FCFA)	12 000 000 M FCFA	Loan institution
STE D'ETUDE & DVPT "SOUSSE NORD" (studies & development)	1 000	Tourism
STE CIVILE IMMOBILIERE "LA MAISON DU BANQUIER"(real estate)	8 885	Services
STE DU POLE DE COMPETITIVITE DE MONASTIR-ELFEJJA	20 000	Tourism

1.4. IDENTIFICATION OF COMPANIES THAT WERE IN THE PERIMETER OF THE STB GROUP AS AT 31 DECEMBER 2014

COMPANIES CONSOLIDATED BY GLOBAL INTEGRATION

Companies consolidated by global integration as 31 December 2014 are listed in the table below.



SOCIÉTÉ TUNISIENNE DE BANQUE

MANAGEMENT REPORT OF THE STB GROUP 2014

Company	capital	Area of activity
STB BANK (parent company)	124 300	Loan institution
STB INVEST	36 000	Loan institution
STE TUNISIENNE DE RECOUVREMENT DES CREANCES "STRC" (claims collection company)	37 000	Services
L'IMMOBILIERE DE L'AVENUE (real estate)	9 400	Services
BANQUE FRANCO TUNISIENNE "BFT"	5 000	Loan institution
STB FINANCE	6 500	Financial institution
ED-DKHILA	7 500	Tourism
STB SICAR	19 495	Financial institution
STE LA GENERALE DE VENTE	4 000	Services
STB MANAGER	500	Financial institution
ACTIVHOTELS	1 000	Tourism
SOFI ELAN SICAF	5 000	Financial institution

in thousand dinars

Companies consolidated using the equity method

Consolidation of the two open-ended investment companies using the equity method

- The two open-ended investment companies in the Group were set up by STB, which acts as depository and which holds a fairly large share of capital in each of the two.
- The boards of directors of each of these two companies are under STB's control, directly or through the intermediary of its authorised financial agents. In the case of the STB Group, holdings are indirect through STB MANAGER, an affiliate set up by STB to manage the Group's investment companies dealing in securities. This explains the high level of control and adoption of global integration as the consolidation method for these mutual investment structures dealing in securities.

The regulatory framework for such companies however, stipulates that they are subject to the control of market authorities, i.e. the financial market council. Special rules apply regarding the nature of assets they can hold and how they can be distributed. In effect, the exclusive control presumed to be exercised by STB on these two open-ended investment companies is incompatible with the regulatory framework for open-ended investment companies. This is all the more pertinent since at this time STB does not guarantee the performance of its open-ended investment companies, despite the fact that such holdings correspond to the classic context of a parent company's intention to hold on to its shares for an extended period rather than considering this as a trading activity. It is proper that the Group opted for consolidation of these open-ended investment companies (l'Avenir & l'Investisseur) using the equity method.

Companies consolidated using the equity method (IAS 28.5 et NCT 36)

This concerns those companies over which STB is presumed to exercise notable influence, in the form of power that allows STB to participate in decisions on financial and operational policy for each company held, without however exercising control over these policies.



SOCIÉTÉ TUNISIENNE DE BANQUE



Companies in the STB Group consolidated using the equity method work in various areas: open-ended investment companies, services and largely tourism. Thus, in the framework of support to Tunisia's economy, the parent company exercises its notable influence in the following ways:

- Representation on the board of directors or the equivalent upper management structure at the company held
- Participation in the process to determine policy, through advice as well as logistic and financial assistance
- Significant transactions between STB and the company held, in terms of commitment to participation and/or loans (banking pool)
- Exchange of upper management staff (seconded staff members).

Company	capital	Area of activity
L'AVENIR (open-ended investment company)	1 795	Financial institution
L'INVESTISSEUR (open-ended investment company)	1 000	Financial institution
TUNISIAN FOREIGN BANK " TF BANK" (ex UTB)	49 594 euros	Loan institution
BANQUE D'AFFAIRES DE TUNISIE "BAT" Tunisian business bank	3 711	Services
SOCIETE TUNISIENNE DE CONTROLE VERITAS "STCV"	2 400	Touristique
SONIBANK(FCFA)	12 000 000 M FCFA	Financial institution
STE D'ETUDE & DVPT "SOUSSE NORD" (studies & development)	1 000	Tourism
STE DU POLE DE COMPETITIVITE DE MONASTIR-ELFEJJA	20 000	Tourism
STE CIVILE IMMOBILIERE "LA MAISON DU BANQUIER"	8 885	Services
EL WIFACK LEASING	20 000	Financial institution

1.5. Trends in percentage of control, percentage of interest and variation in the perimeter

Definition of control

Control is the power to orient the financial and operational policies of a company in order to get the most out of its activities.

Percentages of control

The percentage of control illustrates the link of direct and/or indirect dependency between STB and consolidated companies. It allows for determination of which companies should be retained in the perimeter of consolidation as well as the method of consolidation to be applied. The percentage of control expresses the number of voting rights held by STB in the consolidated company. It is calculated by adding up all the voting rights held directly or indirectly by companies placed under the exclusive control of STB.

The following table shows the percentages of control as at 31 December 2014 as well as those in effect as at 31 December 2013.



SOCIÉTÉ TUNISIENNE DE BANQUE

MANAGEMENT REPORT OF THE STB GROUP 2014

Companies in the Group	Trends in the percentage of control in the Group		Variation 2014-2013
	2014	2013	in percentage points
STB BANK (parent company)	99,43%	99,43%	0,00%
STB INVEST	99,01%	99,01%	0,00%
SOFI ELAN SICAF	59,40%	59,39%	0,01%
STB MANAGER	99,96%	99,96%	0,00%
STB FINANCE	96,70%	96,70%	0,00%
STB SICAR	99,51%	99,51%	0,00%
L'IMMOBILIERE DE L'AVENUE	99,91%	99,91%	0,00%
STE TUNISIENNE DE RECOUVREMENT DES CREANCES "STRC"	99,99%	99,99%	0,00%
STE LA GENERALE DE VENTE	50,00%	50,00%	0,00%
ED-DKHILA	67,87%	67,87%	0,00%
SOCIETE ACTIVHOTELS	99,97%	99,97%	0,00%
BANQUE FRANCO TUNISIENNE "BFT"	78,80%	78,77%	0,03%
SICAV L'INVESTISSEUR	73,44%	70,70%	2,74%
SICAV AVENIR (EX SICAV BDET)	98,66%	98,68%	-0,02%
BANQUE D'AFFAIRES DE TUNISIE "BAT"	30,00%	30,00%	0,00%
TUNISIAN FOREIGN BANK " TF BANK" (ex UNION TUNISIENNE	43,42%	43,42%	0,00%
EL WIFACK LEASING	31,38%	31,57%	-0,19%
SOCIETE TUNISIENNE DE CONTROLE VERITAS "STCV"	27,06%	27,06%	0,00%
SONIBANK(FCFA)	25,00%	25,00%	0,00%
STE D'ETUDE & DVPT "SOUSSE NORD"	24,92%	24,92%	0,00%
STE CIVILE IMMOBILIERE "LA MAISON DU BANQUIER"	21,64%	21,64%	0,00%
STE DU POLE DE COMPETITIVITE DE MONASTIR-ELFEJJA	20,00%	20,00%	0,00%

Percentages of interest or financial dependency on the Group

The percentage of interest expresses the share of capital held by STB directly and/or indirectly in each consolidated company.

Contrary to the percentage of control, which determines the method of consolidation, the percentage of interest allows for consolidation. In effect, it makes it possible to assess STB's rights in the net assets of consolidated companies as well as the share due to minority shareholders. It is also used as a principal tool in implementing consolidation bookkeeping at the time of elimination of reciprocal transactions and distribution of equity.

The percentage of interest is calculated by adding together percentages of capital held directly by the parent company in the capital of an affiliate and the product of capital percentages held directly or indirectly in sub-affiliates.



SOCIÉTÉ TUNISIENNE DE BANQUE



The following statement shows the percentage of interest as at 31 December 2014, as well as those as at 31 December 2013 .

Companies in the Group	Trends in the percentage of control in the Group		Variation 2014-2013
	2014	2013	in percentage points
STB BANK (parent company)	99,43%	99,43%	0,00%
STB INVEST	98,24%	98,24%	0,00%
SOFI ELAN SICAF (close-ended investment company)	57,85%	57,84%	0,01%
STB MANAGER	91,28%	91,28%	0,00%
STB FINANCE	93,01%	93,01%	0,00%
STB SICAR (capital risk)	85,38%	85,38%	0,00%
L'IMMOBILIERE DE L'AVENUE (real estate)	97,84%	97,84%	0,00%
STE TUNISIENNE DE RECOUVREMENT DES CREANCES "STRC"	99,36%	99,36%	0,00%
STE LA GENERALE DE VENTE	49,72%	49,72%	0,00%
ED-DKHILA	67,41%	67,41%	0,00%
SOCIETE ACTIVHOTELS	96,28%	96,28%	0,00%
BANQUE FRANCO TUNISIENNE "BFT"	78,31%	78,28%	0,03%
L'INVESTISSEUR (open-ended investment company)	72,40%	69,70%	2,70%
L'AVENIR (ex- SICAV BDET) (open-ended investment company)	95,77%	95,81%	-0,04%
BANQUE D'AFFAIRES DE TUNISIE "BAT" (Tunisian business bank)	29,83%	29,83%	0,00%
TUNISIAN FOREIGN BANK " TF BANK" (ex UTB)	43,17%	43,17%	0,00%
EL WIFACK LEASING	30,02%	29,98%	0,04%
SOCIETE TUNISIENNE DE CONTROLE VERITAS "STCV"	26,91%	26,91%	0,00%
SONIBANK(FCFA)	24,86%	24,86%	0,00%
STE D'ETUDE & DVPT "SOUSSE NORD" (studies & development)	24,78%	24,78%	0,00%
STE CIVILE IMMOBILIERE "LA MAISON DU BANQUIER" real estate)	21,16%	21,16%	0,00%
STE DU POLE DE COMPETITIVITE DE MONASTIR-ELFEJJA	19,89%	19,89%	0,00%

2. ANALYSIS OF CONSOLIDATED FINANCIAL STATEMENTS

2.1. MAIN TRENDS IN THE CONSOLIDATED BALANCE SHEET

At the end of 2014, the STB Group's overall consolidated balance sheet came to 7481.2 million dinars, an increase of 253 million dinars or 3.5% compared to the figure at yearend 2013. The main trends are listed below.

At the level of asset lines

The posted increase involved mainly:

- The commercial securities portfolio, up by 151.2 million dinars or 52.3%, while the outstanding balance of the parent company rose by 179.7 million dinars



SOCIÉTÉ TUNISIENNE DE BANQUE

MANAGEMENT REPORT OF THE STB GROUP 2014

- Claims on clients, up by 93.7 million dinars or 1.7%, mainly for the parent company (+141.7 million dinars)
- The investment securities portfolio, up by 51.7 million dinars or 26.9%
- Cash and assets at the central bank of Tunisia (BCT), the postal checks centre (CCP) and the Tunisian general treasury (TGT), up by 39.9 million dinars, corresponding for the most part to variation in the parent company's accounts (+49.9 million dinars)

At the level of liability lines

The Group's overall liabilities rose by 282.9 million dinars or 3.8%, due mainly to the differentiated variations listed below.

- Client deposits and assets: +119.4 million dinars or +2.2%, bringing their outstanding balance at the end of 2014 to 5459 million dinars, up from 5339.6 million dinars at the end of 2013, this variation being the result mainly of the increase in client deposits at the parent company (+156.6 million dinars)
- Deposits and assets at banking and financial institutions: +89.1 million dinars or +21.9%
- Central bank and postal check centre: +39.5 MD or 7.2%, the result of greater recourse by STB to the central bank during this period
- Borrowings and special resources: -45.4 million dinars or -10.2%, particularly the accounts of the parent company (-28 million dinars)

At the level of equity lines

The STB Group's overall equity came to -259.9 million dinars, a drop of 24.9 million dinars due to the combined effect of the following factors.

- A drop of 126.8 million dinars in consolidated reserves, from -229.1 million dinars at the end of 2013 to -355.9 million at the end 2014
- Recognition of a consolidated income deficit of 25.4 million dinars compared to -127.3 million at the end of the previous year

• 2.2. TRENDS IN THE GROUP'S RESULTS AND ITS MAIN COMPONENTS

At the end of December 2014, the STB Group posted net results (prior to accounting adjustments) of -29.7 million dinars, compared to -132.8 million dinars at the end of 2013. This situation was due for the most part to the combined impact of lower income deficits mainly at STRC, the Franco Tunisian Bank and the TF Bank, offset by better results at the parent company.

An analysis of components in the net results of the Group elicits the following comments :

- ♦ **Net proceeds from banking** came in at 246.8 million dinars, an increase of 8.5 million dinars or 3.6%, broken down as follows:
 - Proceeds from banking activities: +52.7 million dinars or 11.6%
 - Costs for banking activities: + 44.2 million dinars or 20.5%
 - **Operating costs** went up by 27 million dinars to 180 million at the end of December 2014. This situation was the result of the following differentiated variations :
 - A 10.8 million dinar (9.5%) increase in wages
 - A 16.3 million dinar increase in general operating expenses
 - The Group's **operating result** came to -16 million dinars at the end of December 2014, compared to -123.9 million at the end of 2013.



SOCIÉTÉ TUNISIENNE DE BANQUE



Distribution of the Group's net result as per the norm of consolidation is shown in the following table.

Consolidated company	Consolidated reserves		Consolidated results	
	2 014	2 013	2 014	2 013
? GLOBALLY INTEGRATED COMPANIES	-387 126	-265 725	-20 870	-132 198
1 STB	-165 247	-71 440	24 895	-113 892
2 STB INVEST	13 412	13 778	37	-57
3 SOFI ELAN SICAF	1 586	1 621	185	95
4 STB MANAGER	634	553	350	481
5 STB FINANCE	3 835	4 179	-318	-1 279
6 STB SICAR	923	857	345	-466
7 IMMOB.DE.L'AVENUE	-6 280	-2 527	-5 463	-2 617
8 STRC	-22 845	-22 430	-23 879	3 551
9 LA GENERALE DES VENTES	-817	-1 313	-52	594
10 ED DKHILA	1 560	2 768	148	-1 194
11 ACTIVHOTELS	-3 467	-251	-1 522	-308
12 BFT	-210 420	-191 520	-15 596	-17 106
? COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD	31 197	36 615	-4 521	4 855
13 SICAV L'INVESTISSEUR	165	222	69	-29
14 SICAV L'AVENIR	-41	2	57	-7
15 BANQUE D'AFFAIRE DE TUNISIE		-6	-26	-176
16 SICOAC		2 165		246
17 STCV VERITAS	943	907	447	436
18 TUNISIAN FOREIGN BANK " TF BANK" (ex UTB)	4 542	9 004	-11 467	-1 223
19 STE EL WEAFAK LEASING	2 952	1 720	648	619
20 SIDCO SICAR		547		-158
21 SONI BANK	20 983	15 507	4 959	4 383
22 MAISON BLANCHE		-1 929		-89
23 EL FEJJA	1 353	1 169	752	695
24 MAISON DU BANQUIER	305	317	40	58
25 SED SOUSSE NORD	-5	6 990		100
TOTAL FOR THE GROUP	-355 929	-229 110	-25 391	-127 343

Breakdown of the Group's net results by sector is given below.

in thousand dinars

Sector	Consolidated results	Consolidated reserves
LOAN INSTITUTIONS	4 778	-344 469
FINANCIAL INSTITUTIONS	598	20 390
TOURISM	-1 374	-1 906
SERVICES	-29 394	-29 943
Total	-25 391	-355 929

3. PROSPECTS FOR THE STB GROUP

To enhance the yield of companies in the Group and to raise their levels of activity to norms in the sector, the parent company has launched a number of initiatives, aiming to:

- Monitor activity at the Bank's affiliates
- Pursue efforts to restructure, achieve more dynamic activity or clear up issues as appropriate, as was the case at l'Immobilière de l'Avenue (real estate) and STB Sicar (capital risk)
- Strengthen intergroup synergy and make more rational use of available means
- Continue to promote and create new products (open-ended investment companies, close-ended investment companies, capital risk investment companies, mutual investment funds ...) and specialised professions (consulting in financial engineering ...)



CONSOLIDATED BALANCE SHEET

as at 31 december 2014

CONSOLIDATED BALANCE SHEET

CONSOLIDATED RESULTS STATEMENT

CASH FLOW STATEMENT

**STATEMENT OF CONSOLIDATED OF
BALANCE SHEET COMMITMENTS**



SOCIETE TUNISIENNE DE BANQUE

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2014



in thousand dinars

	31 Dec 2014	31 Dec 2013
ASSETS		
Cash and assets at the central bank of Tunisia (BCT), The postal checks centre (CCP) and the Tunisian general treasury (TGT)	181 990	142 082
Claims on banking and financial institutions	154 537	243 385
Claims on clients	5 531 052	5 439 433
Commercial securities portfolio	440 164	288 933
Investment portfolio	268 456	191 997
Securities accounted for using the equity method	90 595	104 898
Differences on acquisition	2 097	4 022
Fixed assets	99 026	98 046
Differed tax assets	6 322	4 586
Other assets	731 857	710 850
TOTAL ASSETS	7 506 096	7 228 232
LIABILITIES		
Central bank and postal checks center	586 309	546 767
Banking and financial institution deposits and assets	495 996	406 908
Client deposits and assets	5 459 001	5 339 599
Borrowings and special resources	422 879	445 576
Differed tax liabilities	18 528	37 495
Other liabilities	839 532	736 843
Total liabilities	7 822 245	7 513 188
Minority interests	-55 216	-49 944
EQUITY		
Capital	124 300	124 300
Consolidated reserves	-355 929	-229 110
Treasury shares *	-2 859	-2 859
Consolidated result	-26 445	-127 343
Total equity	-260 933	-235 012
TOTAL LIABILITIES, MINORITY INTERESTS AND EQUITY	7 506 096	7 228 232



CONSOLIDATED RESULT STATEMENT

1 January - 31 December 2014

in thousand dinars

	31 Dec 2014	31 Dec 2013
PROCEEDS FROM BANKING OPERATIONS		
PR 1 Interest and related income	393 277	352 152
PR 2 Commissions (as proceeds)	58 306	60 697
PR 3 Gains on the commercial securities portfolio & financial transactions	34 147	30 669
PR 4 Income from the investment portfolio	14 472	10 433
Total proceeds from banking operations	500 202	453 951
COSTS FOR BANKING OPERATIONS		
CH 1 Incurred interest and related costs	-250 529	-210 997
CH 2 Incurred commissions	-2 561	-4 273
CH 3 Losses on the commercial securities portfolio and financial transactions	-323	-352
Total costs for banking operations	-253 413	-215 622
NET BANKING PROCEEDS	246 789	238 329
PR5/CH4 Allotments to provisions and result of correction of values on claims, off balance sheet and liabilities	-105 167	-221 784
PR6/CH5 Allotments to provisions and result of correction of values on the investment portfolio	-6 418	-14 603
PR7 Other operational proceeds	33 224	22 386
CH6 Staff costs	-125 132	-114 287
CH7 General operating costs	-47 303	-30 967
CH8 Allotments for depreciation and to provisions for fixed assets	-7 574	-7 788
CH8 Share in the results of companies accounted for using the equity method	-4 316	4 854
OPERATIONAL RESULT	-15 897	-123 860
PR8/CH9 Balance as gains / losses from other ordinary components	2 512	-399
CH11 Tax on profits	-17 588	-8 536
RESULT OF ORDINARY ACTIVITIES	-30 973	-132 795
PR 9/CH10 Balance as gains/losses from other ordinary components	0	0
NET RESULT FOR THE YEAR	-30 973	-132 795
PR 9/CH10 Minority interest in the result	-4 528	-5 452
SHARE IN THE RESULT ATTRIBUTABLE TO MAJORITY STOCKHOLDERS	0	0
CONSOLIDATED NET RESULT FOR THE YEAR PRIOR TO ACCOUNTING MODIFICATIONS	-26 445	-127 343
Impact of accounting modifications	0	-438 297
CONSOLIDATED NET RESULT AFTER ACCOUNTING MODIFICATIONS	-30 973	-571 092



CASH FLOW STATEMENT

for the period 1 January - 31 December 2014



	<i>in thousand dinars</i>	
	31 Dec 2014	31 Dec 2013
OPERATIONAL ACTIVITIES		
Proceeds from banking operations that have been encashed	512 775	429 127
Costs for banking operations that have been disbursed	-257 877	-227 684
Deposits / Withdrawals at other banking and financial institutions	8 797	8 487
Loans and advances / Reimbursement of loans and advances to clients	-209 788	-405 800
Client deposits and withdrawal of deposits	132 074	-320 741
Acquisition/sale of investment securities	-127 251	-19 717
Sums paid to staff and miscellaneous creditors	-127 888	-128 439
Other cash flows from operational activities	48 576	-68 830
Corporate tax that has been paid	-2 222	-2 420
Net cash flow assigned to operational activities	-22 804	-736 017
INVESTMENT ACTIVITIES		
Interest and dividends encashed on the investment portfolio	11 390	9 707
Acquisitions / sales on the investment portfolio	-49 749	-6 626
Acquisition / sale of fixed assets	-7 606	-8 543
Net cash flow assigned to investment activities	-45 965	-5 462
FINANCING ACTIVITIES		
Stock issues	0	0
Issue/ reimbursement of loans and special resources	-28 427	-43 061
Dividends paid	-703	-1 140
Net cash flow assigned to financing activities	-29 130	-44 201
Net variation of liquidity and quasi-liquidity during this period	-97 899	-785 680
Adjustment following variation in the perimeter		
Liquidity and quasi-liquidity at the beginning of the period	-420 267	365 413
Liquidity and quasi-liquidity at the end of the period	-518 166	-420 267



STATEMENT OF CONSOLIDATED OF BALANCE SHEET COMMITMENTS AS AT 31 DECEMBER 2014

in thousand dinars

	31 Dec 2014	31 Dec 2013
CONTINGENT LIABILITIES		
Deposits, endorsements and other guarantees given	881 861	881 861
Documentary credit	273 059	441 028
Assets given as guarantees		
TOTAL CONTINGENT LIABILITIES	1 154 920	1 394 628
COMMITMENTS GIVEN		
Financing commitments given	145 735	115 647
Commitments for securities	3 458	3 646
TOTAL COMMITMENTS GIVEN	149 193	119 292
COMMITMENTS RECEIVED		
Financing commitments received		
Guarantees received	1 254 237	1 507 747
TOTAL COMMITMENTS RECEIVED	1 254 237	1 507 747



SOCIETE TUNISIENNE DE BANQUE

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014



NOTE 1 - ACCOUNTING PRINCIPLES FOR EVALUATING AND PRESENTING THE CONSOLIDATED FINANCIAL STATEMENTS

1.1. REFERENTIAL FOR DRAWING UP CONSOLIDATED FINANCIAL STATEMENTS

The STB Group's consolidated financial statements are prepared and presented in line with accounting principles generally applied in Tunisia, notably:

- The general accounting norm (NCT 1)
- Banking accounting norms (NCT 21 - 25)
- Accounting norms pertaining to consolidation (NCT 35 - 37)
- The accounting norm pertaining to grouping of companies (NCT 38)
- Regulations of the central bank of Tunisia, as per circular n° 91-24 of 17 December 1991, as modified by circulars n° 99-04 of 19 March 1999 and n° 2001-12 of 4 May 2001

1.2. PERIMETER AND METHOD OF CONSOLIDATION

1.2.1. Perimeter of consolidation

The STB's perimeter of consolidation includes

- The parent company: STB
- Subsidiaries: those companies over which STB exercises exclusive control
- Associates: those companies on which STB exercises notable influence

Are excluded from the perimeter of consolidation

- companies in the process of liquidation
- companies for which financial statements are not available
- companies over which STB has lost control following a court decision
- companies over which STB no longer exercises notable influence
- companies acquired and held solely for resale in the near future as well as companies for which a selling procedure has been initiated
- companies that are unable to transfer funds to STB or that find themselves under extended constraint

The following table summarises the perimeter, the methods of consolidation and the percentages of interest used to draw up the STB Group's consolidated financial statements.

Furthermore, consolidation work has been carried out on the basis of uncertified financial statements for five companies out of a perimeter of consolidation made up of 22 companies.



NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

Companies eligible for consolidation	% of the Group's control			Method of consolidation		% of the Group's interest			2014 financial statements
	2014	2013	Var %	2014	2013	2014	2013	Var %	
1. STB BANK (parent company)	99,43%	99,43%	0,00%	Global integration	Global integration	99,43 %	99,43 %	0,00%	C.E
2. STB INVEST	99,01%	99,01%	0,00%	Global integration	Global integration	98,24 %	98,24 %	0,00%	C.E
3. SOFI ELAN SICAF	59,40%	59,39%	0,01%	Global integration	Global integration	57,85%	57,84%	0,01%	C.E
4. STB MANAGER	99,96%	99,96%	0,00%	Global integration	Global integration	91,28%	91,28%	0,00%	C.E
5. STB FINANCE	96,70%	96,70%	0,00%	Global integration	Global integration	93,01%	93,01%	0,00%	C.E
6. STB SICAR	99,51%	99,51%	0,00%	Global integration	Global integration	85,38 %	85,38 %	0,00%	C.E
7. L'IMMOBILIERE DE L'AVENUE	99,91%	99,91%	0,00%	Global integration	Global integration	97,84%	97,84%	0,00%	C.E
8. STE TUN.RECOUVR. DES CREANCES"STRC"	99,99%	99,99%	0,00%	Global integration	Global integration	99,36 %	99,36 %	0,00%	C.E
9. SOCIETE LA GENERALE DES VENTES	50,00%	50,00%	0,00%	Global integration	Global integration	49,72 %	49,72 %	0,00%	N.C
10. SOCIETE ED DKHILA	67,87%	67,87%	0,00%	Global integration	Global integration	67,41 %	67,41 %	0,00%	C.E
11. SOCIETE ACTIVHOTELS	99,97%	99,97%	0,00%	Global integration	Global integration	96,28 %	96,28 %	0,00%	C.E
12. BFT	78,80%	78,77%	0,03%	Global integration	Global integration	78,31%	78,28 %	0,03%	N.C
13. SICAV L'INVESTISSEUR	73,44%	70,70%	2,74%	Equity method	Equity method	72,40%	69,70%	2,7%	C.E
14. SICAV L'AVENIR	98,66%	98,68%	-0,02%	Equity method	Equity method	95,77%	95,81%	-0,04%	C.E
15. BANQUE D'AFFAIRE DE TUNISIE « B.A.T »	30,00%	30,00%	0,00%	Equity method	Equity method	29,83 %	29,83 %	0,00%	N.C
16. TUNISIAN FOREIGN BANK EX « U.T.B»	43,42%	43,42%	0,00%	Equity method	Equity method	43,17 %	43,17 %	0,00%	N.C
17. STE EL WEAFAK LEASING	31,38%	31,57%	-0,19%	Equity method	Equity method	30,02%	29,98%	0,04%	C.E
18. S.T.C.V VERITAS	27,06%	27,06%	0,00%	Equity method	Equity method	26,91 %	26,91 %	0,00%	C.E
19. SONI BANK	25,00%	25,00%	0,00%	Equity method	Equity method	24,86 %	24,86 %	0,00%	C.E
20. S.E.D SOUSSE NORD	24,92%	24,92%	0,00%	Equity method	Equity method	24,78 %	24,78 %	0,00%	N.C
21. S.C.I " LA MAISON DU BANQUIER"	21,64%	21,64%	0,00%	Equity method	Equity method	21,16 %	21,16 %	0,00%	C.E
22. S.P.C.M "ELFEJJA"	20,00%	20,00%	0,00%	Equity method	Equity method	19,89%	19,89%	0,00%	C.E

❖ (-): See the table entitled Variation of the STB Group's perimeter (2014-2013)



SOCIETE TUNISIENNE DE BANQUE

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014



1.2.2. Variation in the STB Group's perimeter of consolidation (2014-2013)

The STB Group's perimeter of consolidation as at 31 December 2014 showed the following variations in comparison to the previous year.

Companies leaving the perimeter of the STB Group as at 31 December 2014		
Company	% of interest (2013)	Reasons for leaving (2014)
1. SIDCO-SICAR	32.07%	<i>Although it is eligible for consolidation, this subsidiary was excluded from the perimeter of the STB Group as at 31 December 2014 since it did not submit the consolidation reporting package.</i>
2. SMT (MAISON BLANCHE)	38.68 %	<i>Although it was eligible for consolidation, this subsidiary was excluded from the perimeter of the STB Group as at 31 December 2014 since it did not submit the consolidation reporting package on time.</i>
3. SICOAC	23.44 %	<i>This subsidiary was sold in 2014.</i>

The list of companies excluded from the perimeter of consolidation, along with reasons for exclusion, is presented in Annex 1 attached to these notes.

1.2.3. Method of consolidation

⇒ Companies consolidated using the global integration method

Globally integrated companies are those subsidiaries of the Bank over which the parent company exercises exclusive control, be it by right, presumed or in fact.

The method of global integration consists of the following successive steps.

- The individual financial statements of the parent company and its subsidiaries are combined line by line, adding up the same components of assets, liabilities, equity, proceeds and charges.
- Reciprocal transactions between companies in the group are eliminated in a symmetrical manner.
- Minority interests in the net results of consolidated subsidiaries for the year are identified and subtracted from the Group's results in order to obtain the net result attributable to the owners of the parent company.



NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

- The accounting value of the Group's holdings in each subsidiary and its share in equity are eliminated in order to determine consolidated reserves and the share of minority holdings in reserves.

⇒ *Companies consolidated using the equity method*

Companies consolidated using the equity method are those subsidiaries of the Bank on which it exercises only notable influence.

The equity method consists of the following steps.

- Reprocessing the company consolidated using the equity method by eliminating reciprocal transactions that have an impact on its results or reserves
- Entering the Group's share in the capital of the company consolidated using the equity method under the asset line "securities consolidated using the equity method"
- Eliminating the holdings of globally integrated companies in the company consolidated using the equity method by the share of the Group in equity capital and entering the difference in the consolidated result under the line entitled "Share in the results of companies consolidated using the equity method", taking into account the effect of consolidated reserves

1.3. RULES SPECIFIC TO CONSOLIDATION

1.3.1. Processing of goodwill upon acquisition

Goodwill on first consolidation is the difference at the time of acquisition between the cost of acquisition of securities and the corresponding share in the net accounting assets of the consolidated company. This difference is broken down between difference in evaluation (corresponding to latent gains or losses) as well as acquisition difference (corresponding to positive or negative goodwill).

When information is available, differences on acquisition have been identified and entered as such under intangible fixed assets, as assets.

Goodwill upon acquisition is depreciated in a linear manner over a period of five years.

1.3.2. Processing differed taxes

Only elimination of reciprocal transactions that have an impact on results and reserves are entered under differed tax. Timing differences on the individual financial statements of the Group's companies did not give rise to the possible entry of differed taxes.

NOTE 2 - NOTES ON THE LINES OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1. Portefeuille titre commercial

The balance of this line as at 31 December 2014 came to a total of 440,163,000 TD, compared to 288,933,000 TD as at 31 December 2013, broken down as follows.



NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014



Description	in thousand dinars	
	31Dec2014	31Dec2013
STB's portfolio	395 173	215 475
Portfolio of subsidiaries consolidated by global integration	44 990	73 458
TOTAL	440 163	288 933

2.2. Portfolio of investment securities

The balance of this line as at 31 December 2014 came to a total of 268,456,000 TD compared to 191,997,000 TD as at 31 December, broken down as follows.

Description	in thousand dinars	
	31Dec2014	31Dec2013
STB portfolio	184 794	122 806
Portfolio of subsidiaries consolidated by global integration	83 662	69 191
TOTAL	268 456	191 997

2.3. Securities accounted for using the equity method

As at 31 December 2014, the total for this line came to 90,595,000 TD, down from 104,898,000 as at 31 December 2013, broken down as follows.

Companies accounted for using the equity method	2014	2013
1. SICAV L'INVESTISSEUR	1 033	991
2. SICAV L'AVENIR	1 272	1 242
3. BANQUE D'AFFAIRE DE TUNISIE	914	941
4. SICOAC	-	2 933
5. STCV VERITAS	1 504	1 457
6. UNION TUNISIENNE DE BANQUE «U.T.B.»	22 433	37 338
7. STE EL WEAFAK LEASING	13 294	12 744
8. SONI BANK	34 129	28 078
9. EL FEJJA	5 636	4 928
10. MAISON DU BANQUIER	1 048	1 079
11. SED SOUSSE NORD	9 332	9 385
12. SIDCO SICAR	-	3 782
TOTAL	90 595	104 898



NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

2.4. *Minority interests*

As at 31 December 2014, the total of this line came to -55,216,000 TD, vs. -49,944,000 TD as at 31 December 2013, broken down as follows.

in thousand dinars

Company	31/12/2014			31/12/2013		
	Minority interests in results	Minority interests in reserves	Total	Minority interests in results	Minority interests in reserves	Total
1. S.T.B	101	-1 149	-1 048	-621	-586	-1 207
2. STB INVEST	6	602	608	-1	609	608
3. SOFI ELAN SICAF	134	3 178	3 312	69	3280	3 349
4. S.T.B MANAGER	33	62	95	46	54	100
5. STB FINANCE	-24	435	411	-96	566	470
6. S.T.B SICAR	-165	224	59	-80	213	133
7. L'IMMOBILIERE DE L'AVENUE	-121	-175	-296	-58	-92	-150
8. S.T.R.C	-137	-145	-282	23	-142	-119
9. GENERALE DES VENTES	-53	1 174	1 121	600	672	1 272
10. STE ED DKHILA	71	2 528	2 599	-577	3112	2 535
11. ACTIVHOTELS	-52	-111	-163	-12	-9	-21
12. BFT	-4 319	-57 313	-61 632	-4 745	-52 169	-56 914
TOTAL	(-4 526)	(-50 690)	(-55 216)	(-5 452)	(-44 492)	(-49 944)

2.5. *Consolidated reserves and results*

As at 31 December 2014 the consolidated result came to -26,445,000 TD compared to -127 343,000 TD as at 31 December 2013. Reserves on that same date amounted to -355,929,000 TD



NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014



Consolidated company	in thousand dinars			
	Consolidated reserves		Consolidated results	
	2014	2 013	2014	2013
◇ GLOBALLY INTEGRATED COMPANIES	-387 126	-265 725	-21 924	-132 198
1 STB	-165 247	-71 440	22 217	-113 892
2 STB INVEST	13 412	13 778	37	-57
3 SOFI ELAN SICAF	1 586	1 621	185	95
4 STB MANAGER	634	553	350	481
5 STB FINANCE	3 835	4 179	-318	-1 279
6 STB SICAR	923	857	-963	-466
7 IMMOB.DE.L'AVENUE	-6 280	-2 527	-5 463	-2 617
8 STRC	-22 845	-22 430	-21 238	3 551
9 LA GENERALE DES VENTES	-817	-1 313	52	594
10 ED DKHILA	1 560	2 768	148	-1 194
11 ACTIVHOTELS	-3 467	-251	-1 335	-308
12 BFT	-210 420	-191 520	-15 596	-17 106
◇ COMPANIES CONSOLIDATED USING THE EQUITY METHOD	31 197	36 615	-4 521	4 855
13 SICAV L'INVESTISSEUR	165	222	69	-29
14 SICAV L'AVENIR	-41	2	57	-7
15 BANQUE D'AFFAIRE DE TUNISIE		-6	-26	-176
16 SICOAC	-	2 165	-	246
17 STCV VERITAS	943	907	447	436
18 UNION TUNISIENNE DE BANQUE « UTB »	4 542	9 004	-11 467	-1223
19 STE EL WEAFAK LEASING	2 952	1 720	648	619
20 SIDCO SICAR	-	547	-	-158
21 SONI BANK	20 983	15 507	4 959	4 383
22 MAISON BLANCHE	-	-1 929	-	-89
23 EL FEJJA	1 353	1 169	752	695
24 MAISON DU BANQUIER	305	317	40	58
25 SED SOUSSE NORD	-5	6990	-	100
TOTAUX	-355 929	-229 110	-26 445	-127 343

2.6. Buy back of equity shares by companies in the Group

As at 31 December 2014 this line posted a balance of 2,859,000 TD, with buy back of shares by the consolidating company.



NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

Annex I List of companies that would normally be eligible for consolidation, but that were excluded from the perimeter of the STB Group as at 31 December 2014, in line with the terms of Tunisian accounting norm NCT n°35

N° Ordre	Company	Nominal value Corporate capital	% held	Reason for exclusion
1	SKANES PALACE	6 195 000	99.76%	In the process of liquidation
2	AFRICA SOUSSE	9 800 000	96.94%	In the process of liquidation
3	STE ANONYME DE CONSTR. ELECTROMECHANQUES "SACEM"	5 174 000	85.94%	In the process of liquidation
4	CIE HOTELIERE DES CENTRES VILLES (HOTEL ANDALOUS)	3 540 000	70.28%	On hold. Continuity of operations is compromised and it is not expected that any assets will be recovered.
5	STE TUN. DE DEVPT. DU CINEMA & DE L'AUDIOV."STDCA"	10 000	50%	In the process of liquidation
6	STE TOURISTIQUE AIN DRAHAM "HOTEL NOUR EL AIN"	2 299 500	49.66%	In the process of liquidation
7	STE RAMLA TOZEUR	5 947 800	47.88%	STB has no control over this subsidiary.
8	STE D'ANIMATION TOURISTIQUE BISAT SA	4 259 840	42.68%	As at 31 December 2014, this subsidiary was subject to stiff ongoing restrictions that limit in a major way its ability to transfer funds to STB.
9	ARTEMIS HOTEL NEPTUNIA	2 555 000	46.81%	This subsidiary is in the investment phase or has ceased activity pending implementation of an investment plan.
10	CIE MED. DE TOURISME "HOTEL DALIA"	3 429 000	45.29%	In receivership, being managed by a court-appointed administrator.
11	CIE DE DEVELOPPEMENT "LELLA HADHRIA"	770 000	39.61%	This subsidiary is in the investment phase or has ceased activity pending implementation of an investment plan.
12	STE TOURISME & ANIMATION "RAIS CLUB"	1 523 000	41.96%	As at 31 December 2014, this subsidiary was subject to stiff ongoing restrictions that limit in a major way its ability to transfer funds to STB.
13	STE D'ACTIVITE TQUE "HOTEL ZODIAC"	4 637 000	37.44%	As at 31 December 2014, this subsidiary was subject to stiff ongoing restrictions that limit in a major way its ability to transfer funds to STB.
14	STE HOTEL BYZANCE	2 675 000	35.07%	As at 31 December 2014, STB intended to sell this subsidiary in the



NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014



				near future.
15	EL MARASSI	1 380 000	34.78%	In the process of liquidation
16	Sté d'Etudes et de Prom.Tque " Hôtel Mariqueen"JERBA MARITIM	4 087 500	36.70%	STB has no control over this subsidiary.
17	STE D'ANIMATION ET DE LOISIRS PARADISE PARK (H PHEDRA)	2 059 000	31.03%	In the process of liquidation
18	STE D'ETUDES ET DE DEV. HAMMAMET SUD "SEDHS"	1 000 000	30%	In the process of liquidation
19	COMPAGNIE DE DEVELOPPEMENT DU GRAND KORBOUS	250 000	30%	On hold. Continuity of operations is compromised and it is not expected that any assets will be recovered.
20	STE D'ET. DEVPT AUDIO-VISUEL DE TSIE "SEDAT"	1 015 000	28.33%	In the process of liquidation
21	CIE TQUE ARABE "CTA" (MARINA MONASTIR)	15 098 120	28%	As at 31 December 2014, this subsidiary was subject to stiff ongoing restrictions that limit in a major way its ability to transfer funds to STB.
22	STE INTLE DE GEST. HOT. "H. BYBLOS"	3 520 000	25%	STB has no control over this subsidiary.
23	STE COND. IMPR. & PUBLICITE "CIP"	532 525	26.24%	In the process of liquidation
24	STE D'ETUDES ET DE DEVELOPPEMENT DE SOUSSE	1 000 000	25%	On hold. Continuity of operations is compromised and it is not expected that any assets will be recovered.
25	STE D'ET. & DE DEVPT "ZOUARAA"	200 000	25%	On hold. Continuity of operations is compromised and it is not expected that any assets will be recovered.
26	STE HOTEL YOUNES	3 987 000	24.76%	As at 31 December 2014, this subsidiary was subject to stiff ongoing restrictions that limit in a major way its ability to transfer funds to STB.
27	STE HOT ET DE DEV TQUE "HOTEL DREAMS BEACH"	3 182 000	24.58%	STB has no control over this subsidiary.
28	STE HOTELIERE "BEL AIR"	5 423 510	23.97%	In receivership, being managed by a court-appointed administrator.
29	STE DE DEV.ECO. DE KASSERINE SODEK-SICAR	6 236 055	23.56%	STB has no control over this subsidiary.
30	STE DE COMMERCE INTERNATIONAL DE KEBILI "SOCIK"	200 000	22.50%	As at 31 December 2014, this subsidiary was subject to stiff ongoing restrictions that limit in a major way its ability to transfer funds to STB.
31	STE DES IND. METALLURGIQUES "SIMET"	2 025 000	21.47%	In the process of liquidation
32	STE DE PROMOTION TOURISTIQUE LES CYCLAMENS	4 319 000	21%	STB has no control over this subsidiary.



NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

33	S.H.T. LES BERGES 2000 "Hôtel l'Atrium"	1 375 000	20.18%	On hold. Continuity of operations is compromised and it is not expected that any assets will be recovered.
34	COPRAT HAMMAMET GARDEN HOTEL	2 150 000	20%	On hold. Continuity of operations is compromised and it is not expected that any assets will be recovered.
35	STE DE DEVPT DU TOUR. SAHARIEN « PALMYRE »	8 808 500	26.86%	STB has no control over this subsidiary.
36	DUNES DE NEFZAEOUA	2 868 400	22.87%	On hold. Continuity of operations is compromised and it is not expected that any assets will be recovered.
37	STE HOTELIERE « DAR DHIAFA » TROPICANA CLUB	2 550 000	31.26%	This subsidiary was unable to submit to STB its financial statements as at 31 December 2014.
38	STB MOYEN GENERAUX	500 000	30.00%	This subsidiary was unable to submit to STB its financial statements as at 31 December 2014.
39	SIDCO SICAR	16 226 080	19.60%	This subsidiary was unable to submit to STB its financial statements as at 31 December 2014.
40	SMT MAISON BLANCHE	3 640 000	39.01%	This subsidiary was unable to submit to STB its financial statements as at 31 December 2014.



SOCIÉTÉ TUNISIENNE DE BANQUE



AUDIT REPORT CONSOLIDATED FINANCIAL STATEMENTS for the year ending 31 DECEMBER 2014

Ladies and Gentlemen, Stockholders

In line with the audit mandate entrusted to us, we hereby submit to you our report on the consolidated financial statements of the STB Group as at 31 December 2014, appended to this report along with the verifications and specific information provided for in legislation and norms for the profession.

1. Report on the consolidated financial statements

We have conducted our audit of the attached consolidated financial statements of the STB Group, which include the balance sheet and the statement of off balance sheet commitments as at 31 December 2014, the results statement and the cash flow statement for the year ending on this date, along with a summary of the main accounting methods and other explanatory notes. These consolidated financial statements show negative capital in the amount of 259,879,000 (Group's share), including a deficit for the year in the amount of 25,391,000 TND.

2. Management's responsibility

The Bank's management and administrative structures are responsible for the drawing up and presentation in all good faith of its Group's consolidated financial statements, in line with the corporate accounting system. This responsibility includes the design, introduction and monitoring of an internal control system that allows for the preparation and presentation of financial statements that contain no significant anomalies, be it from fraud or error, while also determining accounting estimates that are reasonable in light of circumstances.

3. Auditors' responsibility

We are responsible for giving an opinion on these consolidated financial statements based on our audit exercise. We have carried out our audit in line with the norms for the profession applicable in Tunisia. These norms require us to follow the rules of ethics, to plan and carry out the audit in a manner that gives reasonable assurance that the financial statements contain no significant anomalies.

An audit implies the use of procedures capable of obtaining conclusive evidence about the amounts and information disclosed in the financial statements. The choice of procedures is left to the judgment of the auditor, notably his or her assessment of risk so as to ensure that financial statements contain no significant anomalies, be it from fraud or error. When assessing these risks, the auditor takes into consideration internal control at the structure being audited with regard to the drawing up and faithful presentation of financial statements, so as to design audit procedures that are appropriate to the circumstances. An audit also involves assessment of the appropriateness of the methods and estimates made by upper management, as well as assessment of the overall presentation of financial statements.

We consider that the conclusive evidence we have found is sufficient and appropriate to support our opinion.



ANNUAL REPORT 2014

SOCIÉTÉ TUNISIENNE DE BANQUE

AUDIT REPORT CONSOLIDATED FINANCIAL STATEMENTS for the year ending 31 DECEMBER 2014

4. Justification for a qualified opinion

4-1. Our audit work was limited by:

- The absence of audited financial statements as at 31 December 2014 of two subsidiaries (la Générale des Ventes "GEVE" and the Franco-Tunisian Bank BFT) and of three companies accounted for using the equity method (the Tunisian business bank BAT, the Tunisian Foreign Bank ex-UTB and the company for studies and development Sousse Nord)

Thus work involving elimination and accounting using the equity method were carried out on the basis of consolidation bundles prepared by companies in the Group.

It should be noted that the audited 2013 financial statements of the Franco-Tunisian Bank, in which the parent company holds 78.18%, posted negative capital of 264,180,000 dinars. The auditors had given these yearend 2013 financial statements an unfavourable opinion because of the significant uncertainty weighing on the continuity of BFT operations.

- As indicated in the note on financial statements n°1.2, the perimeter of consolidation counted just 22 companies. 40 companies were excluded from the perimeter of consolidation, for the following reasons.

(i). Four companies were not consolidated since they did not submit their financial statements as at 31 December 2014.

(ii). 36 companies that should have been included in the perimeter of consolidation were excluded for various reasons that we were unable to confirm during the audit exercise.

Consequently, the conclusions of the audit concerning the financial statements of the companies mentioned above as well as exclusion of the 40 companies in the perimeter of consolidation as at 31 December 2014 could modify in a significant manner the Group's financial statements.

- The absence of recent notation by a rating agency and/or of financial statements recently audited by an accredited firm (as is the case for several of the parent company's partners), leaving potential commitments to the financial system that exceed individually the respective thresholds of 25,000,000 and 5,000,000 TD, as provided for in article 7 of central bank of Tunisia circular n° 91-24 of 17 December 1991
- The absence of a physical inventory of "guarantees received" by the parent company to cover risk incurred with regard to its clients, as well as the absence of documentation justifying the value of certain real guarantees, notably expertise reports, in line with regulations in force

Thus the conclusions of work to establish a physical inventory of "guarantees received" and the taking into account of financial data to evaluate risk incurred for certain partners could



SOCIÉTÉ TUNISIENNE DE BANQUE



have a significant impact on results and on the Group's capital.

4-2. Processing of claims sold by the parent company to its subsidiary the Tunisian claim collection company STRC was limited to elimination of the balance of the associated current account as at 31 December 2014 and integration of the balance of these claims as they appear in the accounts of STRC.

There was no move to standardisation in order to bring these claims in line with their nominal value by reconstituting the consolidated gross outstanding balance as well as provisions and corresponding reserved agios and after eliminating the result of internal sales.

4-3. The accounting balance of commitments under lines AC3 "Claims on clients", AC7 "Other assets" and HB "Off balance sheet commitments" that exceed the balance of commitments listed at the level of the base of the parent company's management of loans for a net amount of 24,037,000 TD

This positive difference is not yet justified by the parent company's structures and provisions for it have not yet been built up.

4-4. The statement of off balance sheet commitments for the parent company as at 31 December 2014, which shows commitments given and received for respective amounts of 1,272,871,000 and 1,308,729,000 dinars, is established based on information available outside of accounting, on the basis of physical inventories prepared by STB internal structures

Consequently, we cannot be sure of the exhaustiveness of the group's commitments given and/or received.

4-5. The parent company has not yet established autonomous accounting in foreign currency for transactions it carries out in foreign currency, which is contrary to the terms of NCT 23 concerning transactions in foreign currency at banking institutions. This situation will not allow for assessment of the impact of such transactions on assets liability and the Group's capital.

4-6. The accounting lines entitled «Cash and assets at the central bank of Tunisia (BCT), the postal checks centre (CCP) and the Tunisian general treasury (TGT)», «Claims on banking and financial institutions» and «Deposits and assets of banking and financial institutions», which include amounts held in suspense accounts related mainly to BCT dinar accounts, BCT foreign currency accounts and foreign currency correspondents

Furthermore, lines entitled «other assets» and «other liabilities» include, on the one hand, frozen balances for respective totals of 8,670,000 and 12,258,000 Tunisian dinars and, on the other hand, items in suspense accounts relating mainly to inter-HQ accounts (in dinars and foreign currency) and to accounts tied to electronic clearing.

Work to justify and clear up these amounts in the parent company's suspense accounts were not completed in time for this report. The impact of the results of the Bank's work on assets, liabilities, capital and Group results for the year cannot at this time be specified in a precise manner.

4-7. The parent company's claims guaranteed and assumed by the State for periods between 20 and 25 years at no interest, in application of article 25 of legislation enabling the 1999 budget, showed as at 31 December 2014 an accounting value of 52,814,000 Tunisian dinars,



SOCIÉTÉ TUNISIENNE DE BANQUE

AUDIT REPORT CONSOLIDATED FINANCIAL STATEMENTS for the year ending 31 DECEMBER 2014

while the actual value is estimated at 40,957,000 dinars, updating future encashments at the rate of interest prevailing on the market, as per paragraph 07 of Tunisian accounting norm n°3 pertaining to income.

Thus losses that are not recorded by the parent company amount to some 11,857,000 dinars.

4-8. The STB Group's capital includes the parent company's «Reserves for the social fund» as at 31 December 2014 at 7,724,000 dinars, although the outstanding balance of loans from the social fund came to 19,798,000 Tunisian dinars, for an unjustified difference of 12,074,000 dinars.

4-9. Contrary to the terms of article 17 of law n°96-112 of 30 December 1996 concerning the company accounting system, the results of the physical inventory of the parent company's tangible and intangible fixed assets were not reconciled with the corresponding accounting data as at 31 December 2014.

Consequently, we cannot be sure of the exhaustiveness of the tangible and intangible fixed assets appearing on the parent company's balance sheet, the net accounting balance of which came to 84,084,000 dinars as at 31 December 2014.

4-10. Contrary to the terms of paragraph 30 of Tunisian accounting norm n°21 concerning presentation of the financial statements of loan institutions, the notes we received concerning the consolidated balance sheet do not include the information required for significant lines.

Similarly, the STB Group has not provided notes on the off balance sheet commitments, the results statement and the consolidated cash flow statement.

Qualified opinion

Our opinion, subject to what is mentioned in paragraphs 4.1 to 4.10, the attached consolidated financial statements are accurate and they faithfully present in all significant ways the financial situation of the STB Group as well as the result of its operations and treasury flows for the year ending 31 December 2014, in line with the accounting principles generally applicable in Tunisia.

5. Paragraphs of observation

Without prejudice to the above-mentioned opinion, we draw your attention to the following points.

5-1. The Group's assets include commitments of some 801,180,000 dinars to public enterprises, of which 279,251,000 dinars are not covered by a State guarantee. Some of these public enterprises have encountered financial difficulties, as is the case for the Tunisian metal works company El Fouladh.



SOCIÉTÉ TUNISIENNE DE BANQUE



El Fouladh's commitments as at 31 December 2014 came to 33,180,000 dinars, downgraded on this same date to worrisome assets (class 3) as specified in article 8 of central bank of Tunisia circular n°91-24 pertaining to division, coverage of risk and monitoring of commitments. As such, the corresponding provision is 50% of incurred risk.

But the parent company retained a provision for all incurred risk, corresponding to compromised assets (class 4), i.e. 28,189,000 dinars.

5-2. Similarly, the parent company proceeded to downgrade the commitments of TOPIC by 25,572,000 dinars to assets requiring close monitoring (class 1) as specified in article 8 of central bank of Tunisia circular n°91-24 concerning division, coverage of risk and monitoring of commitments.

The parent company however maintained provisions recorded as at 31 December 2013, calculated on the basis of classification of TOPIC's commitments as worrisome assets (class 3), i.e. 12,785,000 dinars.

5-3. The STB Group's capital includes State allotment of 117,000,000 dinars, constituted as per legislation approved by the constituent national assembly in September 2012, the object of an agreement between the Tunisian Government and the parent company on 9 October 2012. This amount is to be reimbursed five years from the date this agreement was signed, after STB has regained financial balance as defined in article 4 of that same agreement.

6. Report on other legal and regulatory obligations

As per norms for the profession, we have carried out the specific verifications provided for in legislation.

On the basis of our verification, aside from the elements mentioned above, we have no remarks about the faithfulness and compliance between the consolidated financial statements and the accounting information provided in the STB Group's management report as at 31 December 2014.

Tunis, 18 May 2015

AUDITORS

on behalf of GEM
Ali BEN MOHAMED

on behalf of the ABC-FINACO Grouping
Yahia ROUATBI


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